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CREDIT WORLD

The Official Organ of the NATIONAL RETAIL CREDIT ASSOCIATION



THE Merchant or Credit Manager who believes he is granting a favor to a customer allowing his delinquent accounts to drag on rather than insisting on payment and by so doing will retain the good will of the customer. That merchant or credit manager is deluding himself. Some day the sad realization will dawn on this creditor that the customer who owes a delinquent account invariably goes to a competitor to spend his cash.

VOL. XVI—No. 7



MARCH, 1928



Credit Men:— Kansas City Invites You!

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JUNE 19 to 22, 1928

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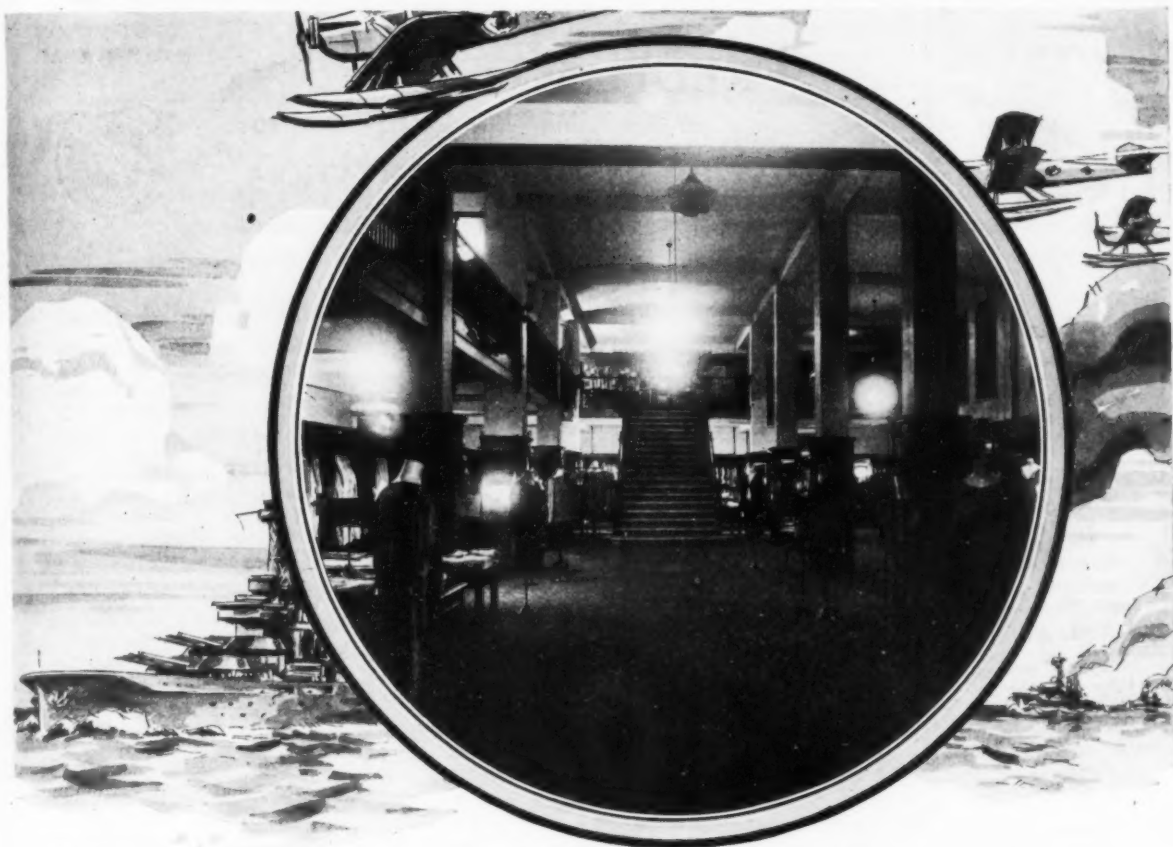
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Vol. XVI

MARCH, 1928

No. 7

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About Statistics

Statistics are data and figures which enable us to quit guessing and base our conclusions on facts as represented by the experience of others and results obtained in the past. They are of little value unless accurately and systematically compiled, representing the experience of a large number of units in many lines of business, in all sections of the country.

Knowing that for years there has been a demand for dependable Retail Credit statistics, President Meyer appointed Mr. Elmer B. Schick, Credit Manager of the Crowley Milner Company, Detroit, Michigan, Chairman of our Research and Statistical Committee.

A questionnaire has been sent to each member of the N. R. C. A., and we consider the filling out and return of these of such vital importance, we make this first page, Editorial Appeal, to every member.

Mr. Schick and the members of his Committee have given their personal time and effort to this work, relying upon you to do your part. The questionnaires are to be returned to the University of Michigan, which is co-operating in tabulating the results.

If you have mislaid the questionnaire, or for any reason did not receive same, write the National Office at once, and do your part by furnishing your experience to the committee.

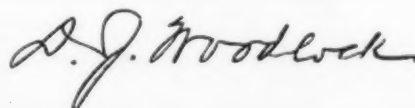
Come to Kansas City

For fifteen years the National Retail Credit Association has been holding Conventions. That they have been interesting is evidenced by the fact that year after year we find the same members in attendance.

This year we go to "The Heart of America," Kansas City, Missouri, June 19-20-21-22, for the most wonderful, most instructive, most entertaining Convention in our history.

Four days of intensive study of Credit problems. One whole day of Group Meetings, with the evenings and leisure hours filled with clean, wholesome entertainment. It is an opportunity you should not miss and one the whole family can enjoy. They are all welcome.

Make your reservation now. Come to this Convention. Meet fellow Credit Grantors. Shake them by the hand and chat with them. It will give you renewed energy to cope with your credit problems.



Credit Iniquities

By THEODORE M. BECKMAN, Ph. D.

Professor of Marketing, Ohio State University

IT IS conservatively estimated that credit instruments are involved in over 90% of all business in the United States. This means that a tremendously large percentage of our business volume is done on a credit basis. Obviously, credit wields a mighty force in modern business activity. It permeates and penetrates into every filament and fibre of our economic structure and effects everybody, regardless of caste, creed or station in life. It is practically universal in its influence. It alone, more than any other single factor, is responsible for the development of the greatest manufacturing industry in the world which not only supplies us with automobiles but may also be largely credited with the continued prosperity of our country and its people. Is there any wonder that credit is often referred to as the "life-blood" of modern business?

But credit, not unlike any other force, may be in its effects constructive or destructive. The use of every device involves the possibility of its abuse. So it has been with credit. Not always has it been used wisely by the consumer. Not always has it been treated properly by the credit manager himself, and certainly not always have the functions of credits and collections been treated by the general management of our business enterprises with the care and respect to which they are justly entitled. Accordingly, the evils which have arisen in the retail credit field may come from one or more of three sources and responsibility for them must be placed sometimes at the door of the consumer, sometimes at the door of the credit department, and not infrequently should it be placed squarely on the shoulders of the general store management.

Credit abuses are dangerous things. They tend to undermine the entire structure upon which business is founded. When used properly, the advantages of credit inure to the benefit of all concerned; it is a veritable blessing. But when it is abused, it is not only apt to deal a crushing blow to the credit grantor, but will at the same time work hardships on the honest consumer and in the end will tend to shake the confidence

Delivered before the Tri-State Conference at Cleveland, February 14, 1928.

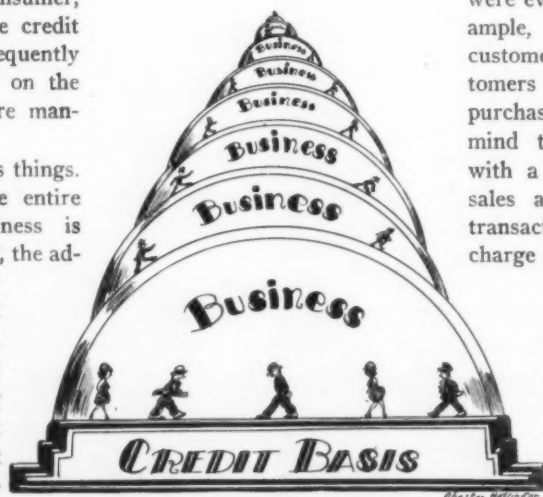
which is now so generally prevailing, as it should continue to prevail, in all of our business relationships.

That credit abuses do exist will be conceded by every one in this audience. These abuses are many and pernicious, but time will permit me to treat only a few which I consider most important.

One of the credit iniquities which is fairly prevalent today in the retail field relates to the unreasonable percentage of returns. It has always been suspected that credit customers abuse this privilege of returning goods much more than cash customers. Little data has been gathered, however, which would tend to prove or disprove this point until just recently. According to as yet unpublished figures of the Bureau of Business Research of the Ohio State University based upon an extensive investigation on the matter of Returned Goods, our suspicion has apparently been well grounded. This investigation shows that during the period covered by the survey (July and August, 1926) the 18 department stores reporting obtained 83.37 per cent of all returns from charge customers and only 16.63 per cent from cash customers. To put the matter differently, the percentage of returns by charge customers was on the average 6.3% of all charge sales during the period, while the returns from cash customers amounted only to 1.4% of the cash sales. This means that the returns from charge customers were over four and one-half times as great.

The variations in individual stores were even greater. One store, for example, reported returns from cash customers of 0.8%, while credit customers returned fully 9.2% of their purchases. It is important to keep in mind that these department stores with a fairly typical distribution of sales as between charge and cash transactions, for the 18 stores had charge sales of 53.18% of total and cash sales of 46.82%.

The number of items returned, however, seems to be much smaller in the case of charge transactions as compared with cash sales. Briefly, the Bureau of Business Research of the Ohio State University has found, on the



A tremendously large percentage of our business volume is done on credit basis.

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Credit Iniquities

(Continued from page 4)

basis of 20 department stores studied, that the average value per item returned was \$3.35 in cash transactions, \$7.78 in C. O. D. sales, \$8.10 in charge account sales, and \$42.02 in installment transactions. The average for all types of transactions was \$6.88 per item returned. It is interesting to note that the value per item returned in C. O. D. transactions is almost as great as that in charge account sales. This would tend to indicate that there is some credit involved in C. O. D. sales, and as far as the value per item returned is concerned, there is a tendency for the customer to be just as liberal or rather abusive of the privilege in both cases.

Another iniquity for which credit managers are directly responsible is a general laxity in the performance of the credit granting function. It is laxity in investigating the risk, laxity in determining proper credit limits, laxity in watching accounts, and laxity in the collection of overdue payments. Perhaps this may better be called a serious lack of uniformity of well recognized practices. To bring this idea home and to lend it reality, just let us turn our attention to another study recently concluded by our Bureau of Business Research entitled "Merchandise Repossessions in the Installment Furniture Trade."

This study deals primarily with the results of sales on credit during 1925, a year which was considered good and normal in the furniture trade and was neither preceded nor followed by abnormal conditions.

One of the things that strikes you in analyzing this study is the general lack of uniformity in practices among the 32 furniture stores surveyed. While 20 stores, for example, allowed a discount of 10% for cash at time of purchase, 8 stores allowed 20% for cash even though the purchases were made under the same conditions in these stores with regards to the down-payment, length of the total credit period as in the stores which allowed only 10%. Two stores allowed no discount for cash, while one store allowed 6% and another 15%. Furthermore, the word cash had different meanings and connotations in the different stores, ranging from strictly cash payment to as high a credit period as 90 days.

There was an equal lack of uniformity as to the amount of down-payment and the number of installments. All of this was naturally reflected in the repossessions which were later necessitated. According to this study the repossessions made by all the stores during 1925 amounted to 3.57% of the total sales of the year. The interesting, or rather the tragic, thing in this respect is not the total repossessed, but the great variation in experience which is accountable largely by differences in efficiency in performing the credit function. One store, for example, which did approximately 75% of its business on the installment plan, made no repossessions whatever during the

year. On the other hand, another store repossessed more than one-fifth of its sales and the unpaid balance written off at the time of repossession represented 14.11% of its total sales volume. Furthermore, the store with the largest volume of sales for the year was among the ten lowest in the list with regard to repossessions. Similarly, the losses from bad debts in the stores ranged from .13 of 1% by the store which made no repossessions during the year to as high as 8.79% of credit sales. While the policy of the first firm cannot be entirely approved, for it no doubt turned sales away or operated on so strict a collection policy as to endanger its good will, certainly there is no excuse or justification for such a high ratio of loss as was suffered by the firm on the other extreme.

This merely tends to indicate that some credit managers somehow fail to measure up to the responsibility of their position and do not discharge their duties as effectively as they might.

Still another abuse of the credit system lies in the failure of employers to recognize the importance of credit work. It sometimes appears that in order to obtain a position as a credit manager all that the applicant has to prove is that he knows absolutely nothing about the work. Consequently, store managers have often failed to place the credit manager in the executive position to which he is entitled by the very importance and intricacies of his duties. Furthermore, he has not been supplied with adequate tools which would enable him to carry on his work most effectively.

To remedy the evils or iniquities which I have called to your attention, certain constructive measures must be adopted and some of our concepts must be changed radically. For example, if the desire is to reduce the percentage of returns on the part of charge customers a definite store policy must be adopted regarding it. Moreover, such a policy must be fairly enforced. A policy without strict compliance to it is often worse than no policy at all. To make such a policy most effective, it would seem to me, that cooperative action would be most essential, at least among the merchants of the same community. Personally, I can see no reason why merchants should not advertise more consistently the advantages of being a good credit customer and of maintaining a sound credit standing. There is no reason why the consumer cannot be made conscious of these evils and influenced to respect the charge account relationship as it should be respected.

Many of the other evils in retail credit can be remedied only to the extent to which credit managers re-

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Will the Big Merchant Crash?

By E. B. SCHICK, Credit Manager
Crawley Milner & Co., Detroit, Mich.

Address delivered at Tri-State Conference at Cleveland, February 14, 1928.

WE KNOW from practical experience that the situation has not reached a crisis, that Retail Credit is on a sound basis and Installment Selling in the Retail Department Stores is here to stay because it is economically constructive and by selling on the installment basis we have done the public a great deal more good than harm, if any. We have simply made it possible for the average worker to buy merchandise which his family needed at a comparatively low cost of credit. There is no doubt but what it is being looked on more kindly by the average customer now. Why shouldn't it be? In the past the ordinary working man requiring merchandise and not having the necessary funds with which to purchase them was obliged to go to some hole-in-the-wall, and pay an enormous price because he was unable to establish his credit at stores selling for cash or on a thirty day basis only. It is only natural that there would be a feeling of doubt when this new plan was developed. There were many cases when the "mushroom" credit plans failed to materialize and some credit concerns did not use the proper discretion in extending credit to whom credit was due. In my humble opinion credit is due only to a customer who is in a position to pay for his needs in a reasonable time.

It is very difficult for the average Credit Manager to put into words all of the reasons why he establishes credit for one customer and not another. Any good Credit Manager, however, from his experience could teach the average theoretical writer on installment articles more about installment buying in one hour at his desk than the writer could gather in many years of guessing. It is not my idea to criticise the average writer of these articles, but I have read them and know that a great many other people have too, and find that so often they are written by people who knew the least about the subject. What I know and what I am trying to tell you here is from practical experience and in reply to all articles written and because I have a real constructive message for the merchant.

The Retail Credit Men's

If the Credit Situation were as serious as numerous writers on Installment Selling would have us believe, he will crash.

Association established a committee after the convention in Providence last August to develop a questionnaire covering Credit Department Operations. This committee be-

lieved that what the Credit Man needed most was a ratio of credit department operation costs, as that is the biggest single factor in our department, not barring all the bad debt losses which have ever been talked about and is only a part of the cost of credit business.

This vital subject has been very carefully covered in conjunction with Professor Smalz, Professor Yoakum and Professor Blackett at the University of Michigan. The questionnaire that has been developed has probably been received by most of the merchants now. Any competent Controller or Credit Manager glancing at this questionnaire will see what possibilities such information would mean to him in the operation of credit department and will realize that there is only one way that this comprehensive study can be accomplished. That is by the full cooperation of every merchant in the country in giving out this information. It does not seem possible that any office man or merchant will allow the mere necessity of the filling in of this questionnaire to stand in his way of receiving the reciprocal report of the findings of this committee. Nowhere else can he possibly find such figures. They would never have been developed nationally, but the need is so obvious it almost precludes further discussion. To give you some idea of what this questionnaire covers, the report will be divided into four different classifications: Kind of Business, Charge Sales Volumes, and Installment Sales Volume, each with nine subdivisions, and Geographical Districts, with fourteen subdivisions. These divisions

will be computed into significant ratios such as the following:

Ratio of Pay Roll Cost to Charge Sales.

Ratio of Pay Roll Cost to Volume Sales.

Ratio of Pay Roll Cost to Total Credit Sales.

Ratio of Pay Roll Cost to Transaction.

Ratio of Transactions per Employee.



Why does the Credit Manager establish credit for one customer and not another?

Turn to page 26, please

Bureau Finance and Service

By V. A. ROGERSON, Manager
Retailer's Credit Association, Inc.,
Clarksburg, West Virginia

BRIEFLY, the only way to continue financing a Credit Bureau is to satisfy a need and a desire through intelligent and comprehensive service. My remarks will not include the organizing and financing of a new bureau, for we all know that public spirited and progressive business men sooner or later realize and appreciate the need of credit co-operation via a bureau and the excitement of organizing usually creates the nucleus around which, through proper effort, the Bureau rounds out its first, second and possibly third year. But after this, what then?

At the commencement a Bureau is assisted financially through membership by a number of businesses for business sake. In other words, the move of organizing a Bureau is a good one, everyone is joining, so to speak, and all desire to be looked upon as progressive and public spirited. Now, then, my point is this: how are we going to make up the revenue lost by the withdrawal of the members who joined merely with the desire to help organize, believing they were helping a worthy movement, but who did not consider that they needed the service, giving one reason or another?

Retail Credit Bureau work is practically new even though the first Bureau was established in London, England, and the first in the United States in Brooklyn, New York, over a half century ago. It has only been during the last few years, say fifteen, that the idea has broadened itself beyond the big cities to scores of all kinds of cities, towns and villages. Only recently, you might say, has the conception of this great and essential business been understood. After second thought, I'm wondering if the field is not really in its infancy?

The act of fooling the user or getting by with the least possible effort is past, or in other words, users of credit service are fast becoming acquainted with the possibilities as presented through this cooperative channel and will in the future demand service which only highly developed Bureaus can give.

Back in the early stages a member was satisfied with anything; the least effort on the part of the Bureau was appreciated and many organizations progressed without actually endeavoring to render a higher degree of efficient service. As I see it, that day is rapidly passing, we are entering a new era brought

*Address delivered before
the Regional Conference*

about by education and largely through the efforts of the National Organization by their "boot-straps," so to speak, to a higher plane. The work is demanding more and more experience, which necessarily means better service for members and larger financial returns for the employees.

As we realize the best things of life are brought about through education, we cannot build up the degree of service demanded without at the same time building up the degree of revenue necessary to carry on.

Why is it some Bureaus struggle along always on the verge of insolvency? My answer is: lack of educational effort upon the part of the Bureau management. Of course, a round peg will not fit in a square hole, and the sooner an inefficient Bureau gets a hold of proper leadership then the quicker that Bureau will get on its feet in a financial way. Eighty-five per cent of the success of a Bureau depends upon its management. If the management plays such an important part in the Bureau achievements, then let's pause for just a moment and analyze the elements which go to make up a successful Bureau manager. Under the main heads of essential qualifications of the right kind of a Bureau manager, I will under sub-heads give you my version of the necessary qualifications of a Bureau manager:

Knowledge:

- Of business methods generally.
- Of service needed and service to be rendered.
- Of local conditions.
- Of Credits and Collections.
- Of office management and detail.
- Of fundamentals that enter into Credit Bureau Management.
- Of Self—
 1. Strong points.
 2. Weak points.
- Of Others—
 1. Strong points.
 2. Weak points.

Courage:

- The nerve to do.
- The power to act.

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Bureau Finance and Service

(Continued from page 7)

Confidence:

- In the actual need of credit cooperation.
- In self and ability of self to perform.

Ambition:

- The desire and inclination to act.

Initiative and Perseverance.

Energy:

- Tireless.

Power of Concentration.

Observation.

Imagination:

- Power to conceive.

Good Health:

- Proper eating and drinking.
- Proper exercise.
- Sleeping and rest.
- Fresh air.
- Good temperament.
- Pleasant environment.
- Proper friends.

Aggressiveness.

Cooperative Ideals and Disposition.

Good Appearances:

- Clothing.
- Care of person.
- Medical attention to teeth and breath.

Courtesy:

- Politeness.
- Etiquette.
- Mindful of others.
- Charitable frame of mind.

Tact:

- Diplomacy.

Self-Control:

- Refraining from anger.

Ability to Talk:

- Fund of general information.
- Knowledge of art of reasoning and suggesting.
- Genuine interest in others.
- Willing to listen well.
- Fair knowledge of language.
- Pleasing voice.

Honesty:

- Of principle and purpose.

Loyalty:

- Confidence and purpose.

Psychology:

- In study of others.

Public Confidence:

- Mind full of personal matters and opinions.

Judgment:

- Capacity.

Memory.

Will.

Habit:

- Swearing and intemperance.

Personality:

- Pleasing disposition and general make-up.

Caring for His Own Obligations Promptly.

A manager with the foregoing qualifications has everything in his favor in order to operate a properly financed Bureau, and through directed effort cannot help but make a success, not only for himself, but for the Bureau and its entire membership. All managers and managerial aspirants do not possess all elements which make for high efficiency in this line of business, but yet at the same time the majority of these elements can be realized through proper study and determination.

Bureau management is becoming better and more efficient day by day, and at this time we can point with pride to rather a large number of service brothers, and sisters, if you please, who have progressed with the times and who are a marked success in the advancement of credit work. These are to be congratulated. Then again we have another group who are of the old school and have been successful in the past, but lack aggressiveness. This group should be rejuvenated with the spirit of the new. Another group can be classed as beginners. Those who lack experience but acknowledge their faults and who are studying and practicing efficiency should be encouraged. Lastly, we have the "has been" group who believe that every worth while achievement lies in the past, those who refuse to cooperate with locals and the National in bettering satisfaction. Progress should replace this group with men and women of vision.

A while ago I spoke of a new era, an era of not only demands, but also of financing. The new for the old, so to speak. The world of today is moving on four wheels and we must keep up or step aside for the one who will. Education along the lines of bureau work as I have referred to, is in my opinion, the keynote of successfully financing a bureau. In the first place a bureau in order to succeed must arouse inter-

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Bureau Finance and Service

(Continued from page 8)

est in the possibilities as offered through service. This will create a demand, and a demand receiving efficient service will play a large part in keeping finances in a healthy condition. This must be brought about through education.

Every bureau should by all means keep in close touch with not only its membership but also with every potential member. The prospective member should in the first place be completely informed regarding the objects and workings of the bureau, preferably by the manager or assistant, and if this is not possible, by "sold" service users. Weekly or monthly contact should be had with the prospect, preferably by personal means, or at least by letters, circulars, etc. Right here let me say that the closer we keep in touch with non-members, the sooner they will be "paying" members. We must keep after our prospects in a systematic manner. Persistence but not over-bearing persistence. Get your prospect in the office, for seeing is believing. Have him call for a report in order to prove to him the value of the service. Educate him through salesmanship. Newspaper articles, editorials and advertising matter play a large part in education. A series of ads weekly or monthly will stim-

ulate interest in the would-be revenue and at the same time will enlighten the general public who will appreciate more and more the workings of the bureau, which appreciation will continually place the service on a higher plane in the public viewpoint.

A one year membership means very little to a bureau, because the service is built up around and on the foundation of continuous membership. Train the member to use the service intelligently and then keep him sold. Satisfaction will no doubt increase his service expenditures year after year. Memberships do not just happen; they are secured only through work. Of course, just merely membership does not necessarily mean that we will have adequate finances which we need to successfully operate. As a matter of explanation for instance our rate may be too low in proportion with the service rendered. This means the larger the membership the greater the financial loss. Quite often the smaller members help to pay for the unbalanced service used by the larger member. This is detrimental and should be overcome by additional compensation from this larger user. Every bureau should know the exact operating cost of all departments.

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How are we going to make up the revenue lost by the withdrawal of members.

Our Duty

By R. J. PUCKETT, Credit Manager
Allen W. Hinkel Co., Wichita, Kansas

I AM prompted by this subject to tell a story, and as Will Rogers would say, if you digest it you will not necessarily have to read the balance of the article because you will have it all in a nutshell,—and as time is precious you may use you own judgment.

The story, "is that of a girl." It was a bitter day; a snow storm had come in the night, and by morning a blizzard was on. A man had started to his office in his limousine, but the car stuck in the drift. No trolleys were running; there was nothing for him to do but walk. He turned up his coat collar and struck out. Pretty soon he came alongside a slight girl beating her way against the wind and snow. "Say, this is fierce!" he said to the girl. "Not so good, but it might be worse," she said, smiling back at him. For another hundred yards they fought the storm together, and the elderly man, tiring from his efforts, stopped. "Sister, this is no day for you to be out," he said. "Let's turn back." "Oh, I can make it all right," she said bravely. "But what is the use?" he asked. "I can go back and do my business by telephone." She waved her hand cheerily. "Nope," she said, "can't go back, for you see I am your telephone operator."

Now, let us apply the moral of that story and make an original application in terms of Credits, Customers, Community and Conventions. I am limiting these captions for the sake of brevity, believing they will cover the major points and easier to form and follow a mental picture.

The first mentioned is Credits. We will include with Credits the Credit Manager, and what is our duty as such? Did we just fall into the position and have held it as the secondary evil, the primary evil being the thing known as the Credit Department? Is it a surprise to know that some prominent merchants still believe that vinegar runs in the veins of the Credit Man instead of real human blood? Therefore it is our duty to face ourselves toward the mirror and ask the question, "Have we reached the cross roads, shall we turn back, or will we elevate our head, be

alert, square our shoulders, throw out our chests, snap into line, pick up the cadence and carry on by giving the best there is in us?" I hear your pledge and undoubtedly with that resolve you will carry through.

It is quite possible when we receive our pay checks which come to us regularly and punctually, that there are diversified thoughts as to that little envelope and its contents; to some it means happiness, joy, another payment on the home, or the car, or this or that, but I always think of our customers, because it is our customers who make it possible for these pay checks to come regularly. So what is our duty to our customers? Are we satisfied that just because the doors open at 9:00 o'clock, and a few or a great number of customers come in, are we interested, do we shift the work of taking the application for credit off on an assistant, or have we realized that the credit executive has a higher potential sales opportunity than the highest priced salesman; and are we mindful that our cash customers are the shoppers that come and go, but our charge customers go on forever?

Our approach, our handling, our contact and our conduct must be schooled to the highest type of service, or we are not fulfilling our duty to our customers.

We all remember the few lines "Let Me Live in a House by the Side of the Road and Be a Friend to Man." I dare say that there is not a man or woman of us but who will stand up and fight for their country, their home, their town, their community; it is just that feeling that rings true in most every individual, but let us add to the word Community, Credit Policy, and then Competition, and we almost forget our desire to be friendly to man, woman or child in our lust to create more business by the Competitive term basis.



She waved her hand cheerily.

In the early days, unscrupulous bartering was carried on with the Indians by getting them drunk on firewater. A century or two later we find unscrupulous merchandising, by intoxicating the buying public on Competitive Credit terms.

It would almost seem we have turned back, but there is yet opportunity to do our

Turn to page 11, please

Our Duty

(Continued from page 10)

duty, and that duty as Credit Executives is to establish in our own locality and city a Community Credit Policy.

Now, to wind this up, and get to the meat of the cocoanut, how are we going to know and learn all the essentials of Credit Work unless we attend our National Retail Credit Conventions? May I urge your attendance to the sixteenth Annual Convention of the National Retail Credit Association to be held in "The Heart of America," Kansas City, Missouri, June 19th to 22nd?

A few more words and it won't be long now. To those of us who have attended these Conventions in the past, little need be said; to those of you who for various reasons have never attended, I would like to give you the benefit of my reaction. First of all, it brings you in contact with other individuals who are having your selfsame problems to solve. The natural thing to do is to exchange your ideas for theirs. You therefore gain their knowledge, in addition to having made their acquaintance and association, thereby giving you a broader field to seek additional ideas and help when the condition presents itself. You take the opportunity thus afforded to visit the firm or the institution in your line of business and actually see how and why they operate, usually finding some pointers that later you are able to use, both to your own personal advantage and the advantage of your firm.

It broadens your vision and gives you a solution to just what you are trying to accomplish. It is a school of experiences that creates an interest that is conducive to better handling the position you occupy, which has resulted in classes being organized for the purpose of teaching Credits and Collections, the knowledge of which has heretofore been gained only by experience.

Now, that is our Duty as Credit Grantors. It is necessary in order to keep up with modern merchandising methods. The will of the Credit Executive must be reckoned with, and if he or she is to carry "The Message to Garcia," it is very plain that they will avail themselves of any and all opportunities to broaden their source of knowledge, as it is not possible to get it out of a text book, and when put to the test, an ounce of loyalty is worth a pound of cleverness.

I think our good friend, Frank Batty, Credit Manager of H. Liebes and Company, San Francisco, put many of our thoughts into words when he said, "Calculus indeed is he who fails to realize the power of association, and it is an unmistakable evidence of senile decay both in communities and individuals when we reveal a lack of admiration and receptivity for the good, the beautiful and true. To make new friends and know old ones better is one of life's priceless knowledges, being in itself a fruitful source of education." In so thinking, we more than ever realize our Duty.



The natural thing to do is to exchange your ideas for their's.

An Open Letter to the Membership of The National Retail Credit Grantors

Presidents, Secretaries, Managers and Merchants:

The president of the National Association, Mr. Leopold Meyer, decided to include in his national program a course in Retail Credit. He therefore appointed the writer as general chairman to investigate the matter and work out with the national office the distribution of the course. Mr. D. J. Woodlock, National Secretary, was heartily in accord with this movement and worked diligently with this committee, with the result that in the early part of March every Credit Association in the United States will have an opportunity to look over and adopt the proposed lectures if they care to.

The committee contemplated sending a questionnaire to the secretaries and managers of the local bureaus, but to save time, a complete set of the lectures will be mailed and at the same time a letter requesting that the president or leading individual in the community inform the committee of the names of likely candidates for chairmen of (a) Educational Committee, (b) Publicity Committee.

Full instructions will accompany each set of lectures and the general committee will keep in touch with the local committees during the entire course. Time will not permit specific details, nor will that be necessary at this time.

We sincerely urge that the presidents, secretaries and managers of the respective bureaus give their full co-operation to this committee. As the educational work will be sponsored by the National Association, the cost will be nominal.

We plan to have the entire Retail Credit fraternity intensively considering the important questions which will come before the Retail Credit Grantors at approximately the same time. We believe that as subscribers to these lectures you will be able to arouse considerable interest and raise the tone and prestige of Retail Credit work in your community.

Full particulars may be had from the Secretary, Mr. D. J. Woodlock, or, to save time, direct from the writer.

J. D. EDGERTON, *Chairman,*
Credit Classes Committee.

Acknowledgment is publicly given to:

Dr. Norris Brisco, New York University.
J. M. Connolly, New York Associated Retail Credit Men.
Arnold Kann, President, New York Retail Credit Men.
A. J. Walker, Chairman, New York Educational Committee.

For their interest, co-operation and labors.

Some of the problems to be considered in outlining the course in Retail Credit Practice in order to bring it to a successful conclusion are:

(1) Appointing a committee of Credit Managers who have a fundamental knowledge of credits, collections, systematizing and office management, having as the head of the committee, one who can and will direct the affairs of the same.

(2) Determining what the heading of the lectures are to be, as well as the number of lectures to be given.

(3) Making up a complete syllabus of each lecture, of about thirty questions each, which will cover in a complete manner that particular lecture.

(4) Choose a group of competent Credit Managers to deliver the lectures.

(5) Have the lecturers write out in detailed manner, the lecture, which has been assigned, usually comprised of about 7,000 words.

(6) Each lecturer to be allowed 1½ hours' time in which to deliver the lecture.

(7) Time and place of course.

(8) Arrangement to have announcements and lectures printed and distributed.

(9) Arrangement to have syllabus of each lecture printed or multigraphed.

(10) Campaign ideas in order to arouse interest and enthusiasm.

(11) Arranging for lecturers to substitute in case of sickness or disability.

(12) Cost of lectures and method of distribution of expense, etc.

(13) Advertising the giving of a prize for the best paper submitted at the examination; the prize to be awarded in a public manner.

(14) Arranging for merchants to pay part of costs if any one in their particular establishment may take the course: to be paid upon completion of the course (*pro rata share*).

Composite Experience of Automobile Finance Companies

By C. C. HANCH, General Manager
National Association of Finance Companies, Chicago

THE average direct loss of automobile finance companies on repossessed cars decreased materially during 1927, as compared with 1926. As in previous years the direct loss on repossessed cars which were sold on time running longer than twelve months was materially greater than on repossessed cars which had been sold on standard terms of twelve equal monthly payments.

The balloon note evil which was quite prevalent during 1925 and 1926, has practically passed out of the picture. Long time notes as compared with notes taken on standard terms continue to show a material increase of hazard over standard terms.

The repossession ratio on new cars sold with a standard down payment of 33 1/3% of the cash price shows a slight increase of 6/10 of a car per one hundred transactions for 1927 as compared with 1926. This is the natural result of the hangover of small down payment sales of 1926. In the case of used cars sold with a down payment of 40% there has been an increase of 9/10 of one car per hundred transactions for 1927, as compared with 1926. The same reason accounts for this increase.

It is gratifying to note that the repossession ratio of commercial vehicles, both new and used, is slightly less than of passenger cars. The increase of hazard from a repossession standpoint of new cars sold with a down payment of 25% is in excess of 100% as compared with new cars sold on standard terms with a down payment of one-third of the cash price. Sales of new cars with a down payment of less than 25% practically passed out of the picture for 1927, which is a most gratifying result. The average amount of the note purchased (total of installments) for new cars is about \$20,000 less than for 1926, and for used cars the average note for 1927 is about \$10,000 greater than for 1926.

Perhaps the most striking thing about the survey is the steady reduction in the percentage of cars sold on the installment plan since 1925. The percentage of new cars sold on the installment plan for 1927 is 58 as compared with 64 for 1926, and the percentage

of all cars, new and used, sold on the installment plan is 60.8 for 1927, as compared with 70 for 1926 and 75.5 for 1925. The growing prosperity of the country has no doubt produced a greater proportion of cash buyers, and the unsatisfactory experience of finance companies with paper covering cars sold with an unusually small down payment has resulted in the tightening up of credits on that class of customers.

The percentage of trade-ins of used cars on sales of new cars for 1927 is 72 and the percentage of trade-ins on sales of used cars is 37.1. Used cars taken in trade, in per cent of new cars sold for 1927,

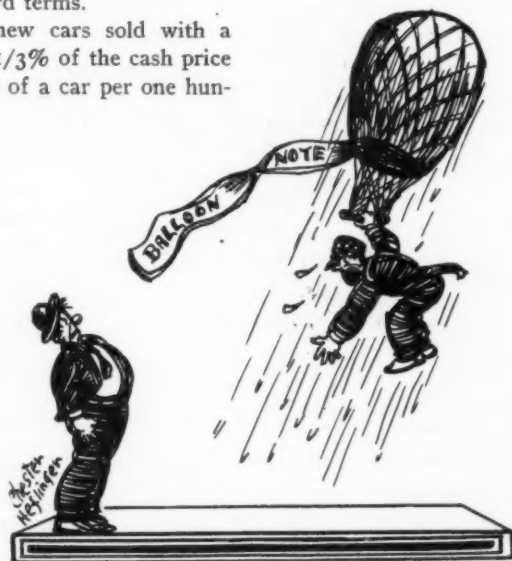
is 116%, which is higher than either 1925 or 1926. This reflects the extraordinary measures which dealers had to take in order to move their used car stocks. A most helpful sign is in the used cars junked, which compared with used cars taken in trade amounted to nearly 7%.

From a finance company's standpoint the most gratifying thing of all is the steady reduction in the proportion of irregular paper. Paper calling for more than twelve monthly payments was 12.4% for 1927, as compared with 13.2% for 1926, and paper calling for less than the

standard down payment aggregated only 5.2% for 1927, as compared with 9% in 1926.

There was also a gratifying reduction in the proportion of used car paper to the total retail paper purchased. Used car paper for 1927 is 26.8% compared with 33% for 1926. There has been a steady reduction in the percentage of companies requiring dealers' endorsement on all used car paper, but the percentage of companies requiring dealers' endorsement on all or a part of used car paper remains substantially stationary above 90%.

The feeling upon the part of bankers generally is much better than it has been at any time since 1924, when the tendency to let down on terms of payment began. The fact that retail auto paper calling for less than standard down payment is now only about 5% of the total is bound to have a further reassuring effect.



The Balloon Note Evil has passed out of the picture.

Federal Reserve Reports on the Course of Trade

By E. A. GOLDENWEISER

Director of Research and Statistics, Federal Reserve Board

COLLECTION by the Federal reserve system of statistics of merchandise distribution at wholesale and retail is a part of the reserve system's work in obtaining current information on conditions in banking, industry, and trade to be used as a basis of credit policy. At the time when collection of information on trade was begun by the Federal reserve system in 1919, no agency, either public or private, was compiling satisfactory current statistics of distribution and the Federal reserve system, convinced of the importance of such information, undertook to enlist the cooperation of representative wholesale houses and retail firms in an endeavor to obtain current reports on trade conditions.

E. A. Goldenweiser, a native of Russia and a graduate of Columbia and Cornell Universities, has worked for the United States Government in different capacities for the past twenty years. In 1907 he studied the condition of immigrants in cities, in 1910 he helped in the work of the Twelfth Census, and in 1914 he became associated with the Department of Agriculture, where he made studies of farm tenancy and the income of farmers. During the war Mr. Goldenweiser was in charge of the statistical work in connection with the control of fertilizers. Since 1919 he has been associated with the research and reporting services of the Federal Reserve Board, and for the last two years he has been director of the Board's Division of Research and Statistics.

February 29, 1928.

Scope of wholesale statistics—

At first only a small number of wholesale firms in a few lines furnished statistics, but in the course of time the number of co-operating firms has increased substantially. At the present time approximately 1,350 wholesale firms representing 16 important lines of trade and having annual sales of about \$4,000,000,000 cooperate with the Federal reserve system in furnishing monthly statistics of dollar sales. These firms are located in about 350 cities, distributed throughout the United States. The 16 lines for which statistics of sales are received by the Federal reserve system, the number of firms reporting, the number of cities in which they are located, and the amount of sales in each line, are as follows:

STATISTICS OF WHOLESALE SALES

The basic data collected and published include the amount of sales made during the month, the volume of stocks on hand at the end of the month, accounts and bills receivable outstanding at the end of the month, and the amount of collections on accounts during the month. The extent, however, to which each of these items is reported by individual firms varies widely. Sales are reported by each cooperating firm, but the other items are reported by a smaller number of firms than that reporting sales. Accounting practices and methods of keeping records vary widely among the reporting firms, and in cases where data are not furnished the reporting firm generally does not have complete monthly records and is unable to make regular reports.

The statistics are reported each month to the Federal reserve banks on schedules furnished by them to the cooperating firms. These district figures are then forwarded by the Federal reserve banks to the Federal Reserve Board at Washington where they are organized and published for the country as a whole. Data for each district are also published by each Federal reserve bank for its district.

	Number of reporting firms	Number of cities in which firms are located	Amount of sales in 1925
Groceries	362	213	\$ 646,352,000
Meats	61	51	1,422,247,000
Dry goods	146	84	442,282,000
Men's clothing	13	5	54,424,000
Womens' clothing ...	40	1	73,598,000
Boots and shoes	89	52	303,798,000
Hardware	186	114	310,064,000
Drugs	92	60	181,178,000
Furniture	87	36	81,895,000
Agricultural im'pm'ts.	121	89	178,149,000
Electrical supplies ...	33	14	41,582,000
Paper and stationery.	62	20	66,395,000
Diamonds and jewelry	24	3	26,862,000
Automobile tires	14	7	12,511,000
Automobile equipment	13	5	10,576,000
Cotton com. houses..	6	1	192,780,000
Total, 16 lines.....	1,349	349	\$4,044,693,000

Federal Reserve Reports on the Course of Trade

(Continued from page 14)

Statistics of stocks are furnished by about 350 firms in six lines of trade, and statistics of accounts receivable and collections are furnished by 675 firms in nine lines of trade.

In inviting the cooperation of wholesale firms at the inauguration of the reporting service, efforts were made to obtain data only from the larger and more representative wholesale dealers in the various lines in different sections of the country that sell, for the most part, to retail stores. In many lines, however, it was found that manufacturers sell directly to retailers and effect distribution without the intervention of wholesalers, and in order to have these lines represented, sales by the manufacturers were included among those reported to the Federal reserve system. The practice of direct selling by manufacturers to retailers varies widely in the several lines and even among firms in a particular line. It appears to be extensive in the meat-packing, agricultural machinery, shoe, and furniture industries, and it is for these lines particularly that statistics of sales are furnished to the reserve system by manufacturers.

Lack of satisfactory information regarding the total volume of wholesale trade makes it impossible to ascertain with any degree of certainty the proportion of total wholesale sales that is represented by the firms reporting to the Federal reserve system. For the nine lines — groceries, meats, dry goods, men's clothing, women's clothing, shoes, hardware, drugs, and furniture—used in the Board's new index of wholesale distribution it is believed on the basis of manufactured value of the merchandise sold, that the reported sales give a sample sufficiently large to reflect fairly well changes in the total amount of wholesale distribution in these lines. The firms reporting in each of these lines are either distributed throughout the country or are concentrated in sections where lines of wholesale trade are particularly important, so that they are representative of their respective branches of the wholesale industry. In each of these lines there is a substantial number of reporting firms with a substantial volume of sales, when all reporting firms for the country as a whole are considered. From one Federal reserve district to another, however, there is



E. A. GOLDENWEISER

considerable variation in the relative importance of the lines represented, as well as the degree to which the reporting firms are representative of their respective lines, and only very general comparisons can safely be made between the Federal reserve districts.

Scope of retail statistics—

Statistics of retail trade for the country as a whole are furnished by the department stores, mail order houses, and chain stores, having aggregate annual sales of approximately \$4,500,000,000. Sales of department stores are reported by about 550 firms located in 250 cities and amount to slightly more than \$2,000,000,000 annually. Statistics of mail order house sales are furnished by four

leading firms with yearly sales of approximately \$525,000,000. Reports of sales of chain stores include 86 separate chains of stores operating over 33,000 stores throughout the United States and having annual sales of nearly \$2,000,000,000. The reporting chain stores include firms handling groceries, five-and-ten-cent variety merchandise, wearing apparel, shoes, drugs, cigars, candy, and musical instruments. In addition to these statistics of department stores, mail order houses, and chain stores, which cover the country as a whole, reports by stores specializing in men's and women's wearing apparel, shoes, and furniture, are furnished in some sections of the country, but the amount of sales of the reporting firms in these lines is not large.

Department stores furnish to the reserve system statistics of sales, stocks, accounts receivable, and collections, but all firms do not report each of the separate items. Sales are reported by each firm and stocks are reported by about 470 of the reporting firms. The other items are furnished by fewer firms. Statistics of sales and the number of stores operated are furnished by chain stores, and statistics of sales only are reported by mail order houses.

In addition to total sales and stocks, department stores in the larger cities in nine Federal reserve districts also report sales and stocks of merchandise by separate departments. These data were first furnished in 1923 by stores in two Federal reserve districts, but

Turn to page 28, please



**Good Credit
is a
Golden
Possession**

Q A good credit standing is a good name to which to be added these great values. It means that in business, industry, and in life, you are a success.

Q One cannot afford to neglect this essential part of life, especially as it requires no little effort to maintain it. All that is required is to plan according to one's income, and the problem is solved.

Q In making purchases on a credit basis one should always have in mind, "Will my income justify this, and have I a plan to pay this obligation promptly when due?"

Q This is offered as a suggestion to an effort to all individuals in this vicinity to maintain a high credit standing, one of the most valuable assets any one can possess.


**Let Your Account Be Appreciated
Not Merely Tolerated**

PLACE ASSOCIATION NAME HERE

**You Can Pay
When Due
If You Keep a Budget**

There is no secret about how to pay bills promptly and keep your credit and self-respect. Make a budget to your income the one to pay bills—men or wife. Figure possible expenses the first of each month for the next 30 days against what the family income will be. The person who pays the bills should see that the expenses are kept within that limit. Then when the bills come in they can be paid cheerfully and promptly. That's the only way to peace of mind, safety and success.

PAY YOUR BILLS PROMPTLY



PLACE ASSOCIATION NAME HERE



**The Search For
An Honest Man**

Q If business were looking for an honest man today, instead of going about the streets with a magnifying glass, he would go to the Good Credit Association where the Credit Bureau shows that they are the only place.

Q There is a distinction between a man who is honest and a man who is not. The honest man is not afraid to be dishonest, but he is afraid of the new Good Credit Association. He only knows he is not being paid the value he has given.

Q Don't be worried about paying your bills. It will be no problem.

PLACE ASSOCIATION NAME HERE

Have You Reviewed the Nat Pa

It was sent to all Credit Associations and Bureaus who replied to questionnaire of the Educational Committee last October. There are approximately three hundred additional copies on hand and we will be glad to mail one without charge to any affiliated association or any member of the National Association who is interested.

Our Second Vice-President, Mr. Milton J. Solon of Minneapolis, and the Chairman of the Educational Committee, thoroughly believes in this form of advertising for the education of the buying public. His own local association has had a continuous Pay Promptly Campaign for over ten years and it has placed Minneapolis near the top of the Prompt Pay cities of America.

PERSONNEL OF THE NATIONAL CO

A. J. Kruse, Associated Retail Credit Men of S
Leon Michaels, Harris Dept. Store, Pitts
J. H. Edgerton, Jas. McCreery & Co., N
Wm. J. Starr, Sec. Retail Credit Men's Ass'n, Harrison St.,
Fred Koch, Schunemans & Mannheimer, Minn.
Geo. A. Lawo, John Gerber Co., Memphis
Leo M. Karpeles, Burger-Phillips Co., Ind.
R. S. Martin, Retailers Credit Ass'n., 510 Bldg., San
P. H. Carr, Standard Clothing Co., Minn.
Lee M. Jahn, Sakowitz Bros., Houston, Tex.
J. W. Mehling, Retail Merchants Ass'n., Inc., 22 Li
Louis S. Grigsby, Ass't Sec'y Associated Men of W
Washington, D. C.
Milton J. Solon, Chairman, The Dayton Minneapolis,

Read What Others

RETAIL MERCHANTS ASSOCIATION AND ASSOCIATED RETAIL CREDIT MEN, TULSA, OKLAHOMA

Replying to your communication of February 3rd, wish to advise we received your "Ad-Folio" in due time. We purchased \$38.00 worth of newspaper mats from you and are running them in our local papers once a week each during the months of February and March.

As stated to you in our former communication when ordering the mats, we have been running forty inch ads in each of our papers weekly for more than two years and results have fully come up to our expectations, and it is our intention to make this feature one of the permanent functions of our organization.

RETAIL MERCHANTS CREDIT RATING BUREAU SPRINGFIELD, ILLINOIS

Your "Ad-Folio" reached our office this morning, and to say the least, is the most complete lay-out of credit advertising the writer has ever had the pleasure of perusing.

To say "Thank you" hardly means enough in this case, however, it is the best we have to offer you at this time.

Without a doubt we will use some and may be all of your copies in the future. Even if we never used any of them, the thoughts contained in this Folio can hardly be valued in dollars and cents.

The National Association should feel deeply grateful to you for the effort it has taken to complete this Folio. Once more may we say "Thanks."

RETAIL MERCHANTS ASSOCIATION, LYNCHBURG, VIRGINIA

I have your letter of February 14, 1928, in regard to a publicity campaign in "Ad-Folio" sent out by Mr. Milton J. Solon, Chairman. My Association has been running "Semi-monthly Pay Promptly" advertisement for more than two years. At the present time I am using some of the small copies of the "Ad-Folio." A little later on I expect to use some of the mats.

The reason for this letter is that I do not want you to be under the impression that this Association is ignoring the splendid work being done by the National Association.

PAULS VALLEY RETAIL MERCHANTS ASSOCIATION, PAULS VALLEY, OKLAHOMA

In reply to your letter of recent date relative to "Pay Accounts Promptly" campaign, beg to advise that our association voted unanimously, at our last meeting, to run an ad each week from the "Ad-Folio" sent out by the National Association, in our local papers.

We feel that we are going to get great results from these ads, and feel very grateful to the National Association for the interest and effort they are putting forth in this capacity.

RETAIL CREDIT MEN'S ASSOCIATION, INC., JACKSON, TENNESSEE

I have your letter of recent date regarding the "Ad-Folio" which we received some time ago and asking that we use this advertising matter locally.

I am very much impressed with the ads contained in this Folio and no doubt it will bring about good results if used as is intended by the National. This matter will be brought before the board of directors at an early date and I believe can be worked out to the point that we will be able to join in this campaign.

CORTLAND CREDIT RATING BUREAU, N

You are to be commended on the campaign your committee has prepared the "Ad-Folio" which is the time ago.

This matter has been receiving considerable attention and it will campaign will be launched in this city, as merchants endorsed the project.

NASHVILLE RETAIL CREDIT RATING BUREAU, NASHVILLE, TENN.

Received your communication in reference to the "Ad-Folio" and am glad to say that we have been using this Folio as a God-send.

We have been attempting to advertise in the same way but it was quite a proposition to work up and but since this line are at an end. This is certainly service and associations will take advantage of same.

MERCHANTS CREDIT RATING BUREAU, MINNAPOLIS, MINN.

I want to express my appreciation of the "Ad-Folio" means of advertising that has ever been known to realize the value of this assistance.

I am enclosing an order for fifteen mats. In the near future we may again order other mats.

PONCA CITY CREDIT RATING BUREAU, PONCA CITY, OKLA.

I was indeed glad to receive "National Ad-Folio" We are planning a campaign in the coming year and will be of great service to us in it.

Pay-Promptly "Ad Folio?"

This type of publicity is just as effective in a large city as it is in a small town. It is not an idle dream but a proven fact; your customers can be induced to pay promptly. Most cases of delinquency are either due to a misunderstanding of terms or careless paying habits of the individual. About one hundred cities have started Pay Promptly Campaigns since December.

A few of the letters received from enthusiastic associations have been reproduced here.

Address all communications to Educational Committee, National Retail Credit Association, 607 Palace Building, Minneapolis, Minnesota.

EDUCATIONAL COMMITTEE

Bureaus of St. Louis, St. Louis, Mo.

Men's Association, Boston, Mass.

Bldg., San Francisco, Calif.

22 Lig Street, Baltimore, Md.

Minneapolis, Minn.

Merchants Say About It

CREDIT UNION, NEW YORK

the credit union committee on Prompt Pay advertising campaign which was started on December 1st, 1928. It will be only a short time before all merchants are very enthusiastic and have

CREDIT UNION, NASHVILLE, TENNESSEE

been compiled by the advertising committee. This folio for about six weeks and it has been so far have spent about \$2500.00, but since receiving the folio, our troubles are over and I hope that all of the Association

CREDIT UNION, WISCONSIN

This is the most complete and helpful folio I have seen. It is the most complete and helpful folio I have seen. It is the most complete and helpful folio I have seen. It is the most complete and helpful folio I have seen.

CREDIT UNION, WISCONSIN

indeed, the most complete and helpful folio I have seen. It is the most complete and helpful folio I have seen. It is the most complete and helpful folio I have seen. It is the most complete and helpful folio I have seen.

THE CHAMBER OF COMMERCE OF THE PLAINFIELDS, PLAINFIELD, N. J.

We mailed you yesterday our order for some "Pay Prompt" ad mats at a total cost of \$28.50. This was done after interviewing a number of our leading retail merchants, each of whom committed himself to his share of the expense of this campaign which we desire to commence immediately. Our check for the amount of this order will be sent to you on the 10th of this month. With our sincere congratulations on the preparation of these ads.

RETAIL CREDIT MEN'S ASSOCIATION, LITTLE ROCK, ARKANSAS

I wish to acknowledge with many thanks receipt of the "Ad-Folio" which was received yesterday morning. After spending fifteen minutes studying the advertisements contained in the folio, I am convinced that although we have conducted a continuous Pay Prompt Advertising Campaign for the past four years, all ads being prepared during that time by the best advertising agency in the city, we can nevertheless use many of the ads in the folio to a great advantage.

In behalf of this Association, the writer wishes to take this opportunity to thank you and the members of your committee for their excellent work.

FLATHEAD MERCHANTS ASSOCIATION, KALISPELL, MONTANA

The "Ad-Folio" for the Prompt Pay Advertising Campaign of 1928 is just fine. It came at the right time, as we are now planning an extensive campaign for this year.

CAREFUL WOMEN



WOMEN are responsible for the splendid credit standing of many thousands of homes in this country. Women are the real and constant source of credit. Many homes have been built and furnished through the judicious use of credit, and some of the largest business institutions in America are maintained to supply the requirements of the home.

Guard Family Credit

The husband of course is responsible for the debts of the family. The wife is the real and constant source of credit. Many homes have been built and furnished through the judicious use of credit, and some of the largest business institutions in America are maintained to supply the requirements of the home.

Maintain a High Credit Standing

The wife who makes an excellent credit record for her family is the one who is the real and constant source of credit. Many homes have been built and furnished through the judicious use of credit, and some of the largest business institutions in America are maintained to supply the requirements of the home.

The Credit Bureau is a service to the community. It is the only one of its kind in America. It is the only one of its kind in America. It is the only one of its kind in America.

"PAY YOUR BILLS PROMPTLY"



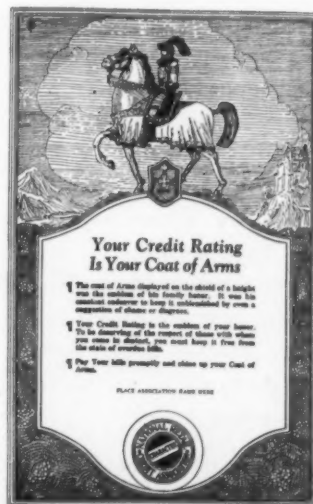
"The Worst Wheel on the Cart"

A wise man once said, "The worst wheel on the cart makes the cart move." He wasn't thinking of CREDIT when he said it, but the proverb has its application to modern credit methods. It is the delinquent accounts that make the "worst wheel" in our credit system. Delinquency attracts attention to your account, gives your name on the delinquent list, and interferes with the efforts of the retail merchants to give you the prompt and satisfactory service you expect.

A delinquent bill is a DOKY, WOB, BLY WHEEL. Prompt payment, please. (Things running smoothly!)

PAY UP TODAY!

PLACE ASSOCIATION NAME HERE



Your Credit Rating Is Your Coat of Arms

The coat of arms displayed on the shield of a knight was the emblem of his family name. It was his constant endeavor to keep it unblemished by acts of chivalry or disgrace.

Your Credit Rating is the emblem of your name. To be deserving of the respect of those with whom you come in contact, you must keep it free from the stain of delinquent bills.

Pay Your bills promptly and clean up your Coat of Arms.

PLACE ASSOCIATION NAME HERE

Determining a Profitable Account

By MISS ANNA BURKE, Credit Manager

Strauss-Hirschberg, Youngstown, Ohio

My conception of a profitable account, is one that pays the 10th of each month—or on the terms arranged at the time of purchase. The many abuses as to terms is the cause of most of our troubles. I had occasion to check up on some very interesting information which I believe bears directly on the subject of "Determining a Profitable Account."

I found that in our own district the average turnover is 4.8. This means that while our terms are 30 days, that the average customer takes 70 days to pay his or her account. Instead of having a turn-over 12 times a year we have a turn-over of 4.8. In reading publications of business experiences generally I am led to believe that perhaps the same condition prevails throughout the country. This condition is wrong, and it is my opinion that the average account based on the above figures is not profitable.

Let us take, for example, a store doing one hundred thousand dollars business. Under the average turn-over this store would have on its books an average of \$20,800 per month. While if the turn-over could be increased to only 6 times a year, the same store would have outstanding the sum of \$16,700. Again bearing in mind the above store the overhead of carrying the above accounts, (taking in consideration that money is worth 6 per cent, taxes \$2.02 per hundred, insurance 08c per hundred) on the basis of a 4.8 turn-over would total just 20% higher than on a like amount of business based on a turn-over of 6 times a year.

Another important factor to be taken into consideration is the cost

Address delivered at Tri-State Conference at Cleveland, February 14, 1928.

of carrying charge accounts. Statistics reveal that on every \$100.00 of credit business transacted, on a basis of 4.8 the cost attached to the handling of the account is \$4.00. This includes: salary of credit manager, assistants, postage, stenographers, bookkeepers, etc. While on the other hand if we could get a turn-over of 12 times a year the cost would decrease to \$2.24 per hundred.

I am simply citing these figures to show that turn-over has a direct and important bearing on profitable accounts.

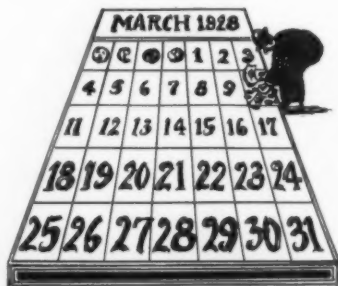
The question suggests itself, "What is an unprofitable account?" Perhaps by a process of elimination we can come to the conclusion of what's a profitable account. First: we have the chronic merchandise returners. This class consumes a great deal of time—much book-keeping work, and absolutely no profit attached to the account. When we have the group of accounts that we must everlastingly be writing to in order to get any payments from them. We don't write to them until the account is

delinquent to begin with, and we of course have to follow up our correspondence. This group of accounts is not profitable. Of course, the accounts we turn over to our collector are unprofitable.

We find yet another group of accounts that are not profitable, namely people who place restrictions on their accounts. We must be extremely careful with this group, which consumes a great deal of time.

It seems that the entire fault lies in the customers not meeting their obligations on due dates. This condition can be corrected and improved if we credit managers would only bear the above facts in mind when we take credit applications.

Turn to page 31, please



A profitable account pays on the 10th of each month.

Your Collections

...in...

Detroit

Will receive the best attention possible if sent to

The Merchants Credit Bureau, Inc.

The largest collection department in the city devoted exclusively to RETAIL ACCOUNTS.

The benefits accruing in placing your accounts with an organization owned by the merchants, for their protection, are self-evident.

Rates Reasonable
Safety Assured

Address-602 Barlum Bldg.

National Convention News from Kansas City, Missouri

*To Miss Marion Leleu, of Tulsa, Oklahoma goes
the honors of being the first registered delegate*

THE ADVANCE REGISTRATION HAS STARTED

To the lady whose portrait graces this page goes the honors of the first delegate to officially register for the coming Convention of Retail Credit Grantors to be held in Kansas City, June 19-22, 1928.

Miss Marion Leleu of the Brown-Durkin Co., Tulsa, Okla., wishes to assure herself of having all accommodations arranged for her contemplated visit in The Heart of America.

She is aware of the many educational and instructive features that will be offered wherein she will gain additional knowledge in her profession; also that she will be entertained is without a doubt, and now that she is assured of her reservations she may cease to worry.

In the next mail following the receipt of Miss Leleu's registration came those of Mr. R. S. Martin, Manager Retail Credit Association of San Francisco, and Mr. Frank Batty, also from the Golden Gate. It was a tie between Mr. Walter J. Dunn, of Grosner's, Washington, D. C., and Mr. Carl N. Schmalz, Assistant Director, Bureau of Business Research, University of Michigan, for third place.

The following mail put the entire force to work and count was discontinued until the convention convenes.

TULSA ORGANIZES "ON TO KANSAS CITY CLUB"

The word comes to those in charge of the convention arrangements that the Tulsa Association intends to have a delegation in attendance that will surpass any delegation from any six cities with a combined delegation including wives, sweethearts and all baggage.

They have formed THE ON TO KANSAS CITY CLUB with Mr. Floyd E. Marshall as the chairman. With such an able gentleman at the helm the advance registrations will soon begin to swamp the Registration Committee.

LET THEM COME, TULSA—
Kansas City is READY.



Here is an opportunity for the members in the East to see the Wonderful Young and Glowing West, and those of the West to see the Honored and Historical East;

for the South to enjoy the Lakes of the North, and those from the North to partake of the Wonderful Hospitality of the South.

THE HEART OF AMERICA CALLS!

Registration Fee, \$10.00.

Make Your Reservations - - - - NOW

Coal and Building Material Group Conference

General Chairman, MR. JUSTIN H. EDGERTON,
Credit Manager, James McCreery Company, New York.

Chairman of Coal and Building Material Group - MR. FREDERIC E. SKILLINGS,
Credit Manager, N. T. Fox Co., Inc., Portland, Maine.

THE conference opened with a general discussion of the local credit bureaus and the services offered. A delegate from Connecticut reported that in his bureau there was only a small membership, but that the members held weekly meetings for discussions and at that time names of slow pays were often brought up. He said that all information was passed through the bureau and that there were no direct inquiries.

A delegate from Pennsylvania stated that the local bureau had about 325 members and all inquiries were cleared through the bureau. He said his office assisted the bureau by carefully checking all names in the city directory and if necessary through the telephone exchange to be sure that spelling and location of addresses were absolutely correct, which saved duplication of information in bureau offices. He stated that in reporting back ratings to him, his bureau always gave kind of business rating, high credit and unpaid balance, which it was the opinion of the conference were three very important points.

A delegate from Minnesota stated that the local bureau there had about 500 members and they met Wednesday noon each week and also had one big meeting each month. He stated that while they always used the bureau for inquiry, the coal dealers also used the direct inquiry and with very good results. After some discussion on direct inquiries, the conference went on record as opposed to such.

A delegate from Maine stated that the bureau there was very active and held meetings Thursday noons every two weeks, with a list of names to discuss, as well as occasional debates on interesting subjects. The direct inquiry was not used and the local bureau offered very prompt clearances, as well as publishing a yearly credit guide with ratings.

In discussion, the point was brought out that the location of an applicant's home in a city had much bearing on his credit and that the vast majority in certain sections of the city would all prove poor credit risks, so that an application received from a person in that section needed more than careful investigation.

The following Minutes of the above Group were taken from the National Retail Credit Association Convention in Providence, Rhode Island, August, 1927.



Does it pay to open an account for only one ton?

It was the opinion of the conference that all accounts should have a limit placed upon them when they were opened and that limit exceeded only upon application to the credit office.

The question was put: "Does it pay to open an account for only one ton of coal?" After discussion it was voted that this does pay, for the one ton customer, if developed into a prompt pay, usually buys more than one ton at a time after a while and soon becomes a regular customer of quite some size.

It was the opinion of the conference that applications for credit in both the coal and building materials lines were constantly increasing, and we were finding ourselves selling a certain class on the installment basis just as many other lines are doing. A delegate from Massachusetts stated that their office had a very fine plan of installment selling in which the customer is induced to begin paying for his winter's supply of coal in April. In this way the firm offers the customer the attraction of a lower summer price and by splitting the payments up, the coal is all paid for by September, when the delivery is made. There is no credit risk attached. The use of the customer's money over this period will take care of any carrying charge on the coal and the inducement of a summer price to the customer, with a cellar full of coal all paid for in September, is very attractive.

A delegate from Connecticut stated that in selling coal on the installment basis their company had asked for 10% in April, 15% in May, 20% in June, 25% in July and August and the balance before January 1st. Delivery was made at the convenience of the company before September 1st.

On straight charge accounts the following terms were brought out: Connecticut delegate allows 50c per ton discount for cash 10 days, net amount due 30 days from receipt of invoice, which is mailed on the 30th of each month. Maine delegate allows discount of 4% on hard coal and 2% on soft coal in 10 days, net in 30 days. Other delegates reported no cash discounts, but Springfield delegate reported terms of 30

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Coal and Building Material Group Conference

(Continued from page 20)

to 60 days, 60 days being the limit, while Pennsylvania and Minnesota delegates reported terms of net 30 days with a special limit of 90 days on April deliveries for the winter supply. A Pennsylvania delegate reports that his company allows 1% discount on coal and 2% on building materials for payment in 10 days.

Much time was spent on a very interesting discussion of collection methods and follow-up methods. Perhaps the actual methods used by some companies might be of interest. One delegate reported that the original follow-up card was made from the monthly statement and that at the end of 90 days a personal letter was sent out. All collecting was done by personal letters and telephone and no collectors were used. Accounts were carried about six months and then turned over to a collection agency unless some good reason for holding them out longer had appeared.

At this time the question of daily, weekly or monthly billing was brought up and the conference went on record as favoring daily billing, for it had a very fine result in bringing in money rapidly and quite steadily, often saving some collector's attention and time.

Another delegate reported that at the time the account was put on the ledger, the terms (often there were special arrangement of payments made) were noted on the ledger card as well as the references and ratings with telephone number of customer. At the end of 60 days on a 30 day account, the assistant credit manager called all those unpaid on the phone and in a very tactful manner asked about settlement. All promises made are jotted down on the ledger card. If there is no phone or the party does not answer, the account is given to a collector, who calls on the customer. If this collector finds no one at home, he leaves a printed form in mail box or under door, telling customer that account is past due and collector will call again unless customer sends check to office. If that brings no results, a few letters are tried, and at the end of about four months a bill is sent out which bears the following stamp: "IF THIS ACCOUNT IS NOT PAID WITHIN 10 DAYS IT WILL BE ENTERED IN THE SMALL CLAIMS COURT OF THIS CITY FOR COLLECTION."

This letter is sent by registered mail and the results are very satisfactory.

However, should all this fail, the account is entered in the Small Claims Court, which costs only \$1.12, and this in nearly every case will bring the debtor into the office to seek some kind of a settlement before the case comes up in court.

One delegate reported a very successful use of the stickers furnished by the National Association and said that he also used a sticker on all statements which showed no payments or charges for 30 days. If this received no attention a very firm but courteous letter was sent, followed by a phone call. This delegate stated that their office used the monthly analysis of the accounts receivables as a guide in collections.

A delegate from Duluth told of some very successful advertising that had been carried out by the local newspapers in connection with Credit and Pay Promptly campaigns. The newspaper managed this campaign, running full page ads once a week for a year. A large number of local merchants contributed for the space, so the cost to each was very small and the results were very satisfactory. A delegate from Springfield and also one from Portland told of similar campaigns, but these were under direction of local credit bureaus.

It was the opinion of this conference that a credit manager should have the full support of his organization and that best results could be obtained only when his decisions were accepted as final and he was given fullest authority in his department.

This conference also went on record as favoring every method to bring closer co-operation between credit and sales departments, but was opposed to allowing salesmen to make any terms other than those regularly established by the company without first fully discussing same with credit department.

One delegate reported monthly billing only, so that no dunning was begun until after the second statement had been sent, or a period of from 75 to 85 days from date of delivery. A form letter is used as the first approach, and this is followed by telephone calls.

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Have you sent in your Questionnaire?

Our Legal Department

J. W. Merryman

vs.

James-Sanford Agency.

Davidson Law.

OPINION

J. W. Merryman sued the James-Sanford Agency, a corporation, to recover damages for an alleged libel published by means of a letter sent by the defendant, through the United States mails, to the home office of the plaintiff's employer, the Dark Tobacco Grower's Co-operative Association, a corporation, at Hopkinsville, Kentucky.

The defendant did not deny, either in its pleadings or proofs, that it wrote and mailed the letter set out in plaintiff's declaration, but defendant filed two pleas through which it asserted (1) that the statements in the letter were true, and (2) that the letter was written in the exercise of a qualified privilege and without malice. Plaintiff joined issue upon the aforesaid pleas and on the issues thus made the case went to trial before a jury in the 2nd Circuit Court of Davidson County, but at the close of all the evidence the trial judge sustained a motion for peremptory instructions and directed the jury to return a verdict for the defendant, which was done, and the plaintiffs' suit was dismissed at his cost.

Plaintiff has brought the case to this court by an appeal in the nature of a writ of error, and, through assignments of error, he is here complaining of rulings of trial court, which rulings were assigned as error in a motion for a new trial overruled by the trial judge.

The letter in question was written on March 5, 1923, and at that time plaintiff's home was a Nashville, Tennessee, where his wife and three children were living, but plaintiff was working for the Dark Tobacco Grower's Co-operative Association at its receiving station

EDITOR'S NOTE: *The following opinion by Circuit Judges Crownover and Dewitt Concur will be of interest to all Credit Managers, Collection Managers and Bureau Managers.*

at Franklin, Kentucky, as a tobacco grader. Plaintiff had been thus employed since the 15th of January next preceding, at a salary of two hundred dollars per month.

The alleged libelous communication, as it appears in the record, is in these words:

"Bonded Representative
Everywhere

The James-Sanford Agency
Collections and Adjustments
Telephoen Main 2930
Seventh Floor
Fourth and First National Bank
Building

Nashville, Tenn.

March 5, 1923.

Dark Tobacco Grower's
Corporation,
Hopkinsville, Kentncky.

Attention: General Manager.

Dear Sir:

We have several judgments against one Mr. J. W. Merryman who is now in your employ. We know that a concern with the reputation of the Dark Tobacco Growers Corporation has, that they do not want a man representing them who does not pay his just obligations. We are just writing you this letter to see if you can not assist us in getting these matters adjusted. We are perfectly willing for Mr. Merryman to pay these judgments in partial payments if we can get him to do so. He advised one of the local merchants of this city some weeks ago that he was making a nice salary, and it seems to us that anyone making a salary that he claims he is making should at least pay their just obligations.

We will very much appreciate it if you will assist us in getting these

matters adjusted. And, we assure you we will serve you in return if it is ever in our power to do so.

Yours truly,

The James-Sanford Agency.
MMW-T"

(Stamped)

"Rec'd

March 6, 1923.

A. M."

The above quoted letter was received, opened and read by plaintiff's employer on March 6, 1923. It is alleged in plaintiff's declaration that the defendant wrongfully, wilfully, falsely, maliciously, and wantonly wrote and mailed the aforesaid letter to plaintiff's said employer, with the malicious intent and purpose to injure and humiliate plaintiff, and to thereby coerce payment of the judgments mentioned therein; and that, as the direct and proximate result thereof, plaintiff was subjected to great disgrace, contempt and humiliation, and that, a short while thereafter, plaintiff lost his lucrative position of two hundred dollars a month for the year 1923 salary, on account of said false and malicious charges, besides suffering many other losses, inconveniences and hardships, and especiaely injuring his good standing for honesty and reliability in said business, in consequence thereof. It is further alleged in the declaration that all of said wrongs were inflicted upon the plaintiff without any kind of privilege, warrant, or legal excuse, for the purpose of defaming and destroying plaintiff's character and reputation, and of causing plaintiff to lose his said employment; that by said letter, and especially the use of the word "one" preceding plaintiff's name therein, the defendant charged and intended to charge that plaintiff was dishonest and untrustworthy, with a criminal record, and that, by the entire contents and context of said letter, the defendant charged, and intended to charge, that plaintiff was a common

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Our Legal Department

(Continued from page 22)

dead-beat, the said meanings of said terms and language being so understood by the manager of the sendee of said letter and other persons who read the contents thereof, as intended by defendant aforesaid.

The present suit was instituted on November 3, 1924, but it is stated in the declaration that plaintiff, on June 4, 1923, filed suit against the defendant in the Circuit Court of Davidson County, Tennessee, for said wrongs, injuries, etc., and on October 31, 1924, he took a voluntary non-suit therein.

The defendant is, and was on March 5, 1923 (the date of the alleged libelous letter), a licensed collection agency, regularly engaged in the business of collecting accounts, notes, judgments, etc., for merchants, banks and individuals, with its home office in Nashville, Tennessee, and with representatives in many cities or towns in other parts of the United States.

The plaintiff admitted in his testimony that the defendant had many claims in judgments against him which defendant had been trying to collect over a long period of time, and that he (plaintiff) had made many promises to defendant that he would pay said judgments, but that he had never complied with any of said promises.

In its pleas to the declaration, defendant averred that the statements in the letter in question were true, and that said letter was not sent for any unlawful, malicious, wanton or evil purpose, but that defendant's sole object in writing the letter was in line with its business, and for the purpose of obtaining the co-operation and assistance of plaintiff's employer in the collection of the aforesaid judgments against the plaintiff; that the communication was a bona fide one and written on a subject-matter in which the defendant had an inter-

est in securing the payment of claims held by it for collection, and one in which the employer of the plaintiff would have a corresponding interest in having its employees to pay these past-due debts and save attachment, legal proceedings, or any inconvenience or additional costs, and that defendant had no desire or purpose to cause the plaintiff to lose his position or be dismissed from the service in which he was employed at that time. Defendant denied the malicious and evil designs charged against it by and through the innuendos in the declaration, and denied that plaintiff had suffered any damage by reason of said letter or anything contained therein.

The plaintiff's first assignment of error is that the trial court erred in directing the jury to return a verdict in favor of the defendant. This assignment must be overruled for reasons which we will state briefly.

The publication that a person (who is not engaged in business) owes debts which he has failed to pay is not per se libelous. *Fry v. McCord Bros.*, 95 Tenn. 678, 686, 33 S. W. 568; 17 R. C. L., P. 299, par. 38.

"If the words alone, or the words illuminated by circumstances duly pleaded, are not defamatory, the innuendo cannot make them so." 17 R. C. L., P. 397.

The question as to whether or not the innuendo in the declaration is fairly warranted by the language declared on, is a question for the court. 17 R. C. L., P. 398.

The undisputed evidence shows that the statements in the letter concerning the plaintiff were true. At common law, proof of the truth of the publication is a complete defense. 18 A. & E. Ency. of Law, 2nd Ed., pp. 1067-1068; 17 R. C. L., p. 325, par. 69. And the common law rule prevails in Tennessee.

See *American Tel. and Tel. Co. vs. Fry*, 8 Hig. 159, 162-163, where the court said "literal truthfulness of the charge is a complete defense, regardless of the innuendo annexed."

We are also of the opinion that the defendant's plea of qualified privilege is supported by the undisputed facts of the record. One of the recognized classes of cases where in a publication is qualifiedly privileged is "where the defendant has an interest in the subject-matter of the communication, and the person to whom he communicates it has a corresponding interest." *Newell on Slander and Libel*, 3rd Ed., Sec. 561. See also *Southern Ice Co. vs. Black*, 136 Tennessee 391, 400, 403, 189 S. W. 861; *Dunn vs. Winters*, 2 Humph. 511, 513; *American Tel. and Tel. Co., vs. Fry*, *supra*.

The defendant had a right to use any and all lawful means available for the collection of the judgments against plaintiff, and one of the lawful methods in common use for the collection of debts owing by salaried employees is by garnishment process against the employers of said debtors. It is obviously a matter of interest to employers to avoid inconvenience and the disturbance to their business which would result from such garnishments.

"A communication from one corporation to another in reference to a matter in which they have a common interest is privileged." 17 R. C. L., p. 360, par. 108 (last sentence of the paragraph).

"A communication made in good faith upon any subject-matter in which the party communicating has an interest or in reference to which he has a duty, either legal, moral or social, if made to a person having a corresponding interest or duty, is qualifiedly privileged, and the burden of proving the existence of

Turn to page 29, please

Flashes

From the National Office

WHAT WE OWE TO LEOPOLD L. MEYER

The fiscal year of the N. R. C. A. ends April 30, and the success of the administration headed by President Leopold Meyer of Houston will be determined by the achievements and progress of ten months.

Owing to the change in date for our Convention, Mr. Meyer is forced to equal or exceed the record of other presidents who had a full year. It is not a fair comparison, yet Mr. Meyer has unselfishly given every moment of his time toward upbuilding the organization in service features.

Now he makes his first and only appeal for membership increase. An intensive campaign between now and April 30, and his goal is 5,000 new members.

We owe it to our Association, to ourselves, and above all, to Mr. Meyer, to do our part in making this fiscal year as outstanding a success in membership increase as it will be in service.

D. J. WOODLOCK,
Manager-Treasurer.

DON'T FORGET THE GROUP CONFERENCES AT OUR CONVENTION, JUNE 20

Mr. Frank Batty, care H. Liebes & Company, San Francisco, General Chairman.

Department Store.
Women's Wear.
Men's Wear.
Shoes.
Jewelry.
Public Utilities.
Furniture.
Automobile and Accessories.
Finance and Banks.
Hardware.
Coal.

Register For Your Group.

CONVENTION RESERVATIONS COMING IN

The fact that a large number of members took advantage of the advance registration blank printed in the February CREDIT WORLD, filled it out, attached a check for the fee and sent it to the Kansas City Convention Committee, indicates a large attendance and a desire to co-operate with the committee, and be assured of preferred accommodations.

It is our desire to have as many as possible take advantage of advance registration, so as to avoid confusion on the opening day of the Convention. Members expecting to attend the Convention should either write now or use the registration blank in this issue.

Address Registration Committee, Retail Credit Association, 1016 Walnut Street, Kansas City, Missouri.

THE ECONOMY OF A CONVENTION REGISTRATION FEE

At our Providence Convention, the registration fee for our National Conventions was fixed at \$10.00. This was made necessary because each year the Credit Men and Merchants of the city in which our Conventions are held, have been called upon to meet an enormous deficit, the amount of fees from registrations and exhibits averaging only about one-quarter of the expenses.

When we take into consideration what we receive for our registration fees: banquets, entertainments, sight-seeing tours, theater parties, etc., and realize should we attempt to purchase these features as an individual we would be forced to pay three or four times the fee, we realize the fairness and economy of this charge.

The entertainment features are only secured at a price within this fee because of quantity buying. The Retail Credit Association of Kansas City promise no one will leave their beautiful city feeling they did not get their money's worth.

When making your reservation, send in your check for \$10.00 Registration Fee. You will help the Committee and save time and money for yourself.

ST. PAUL HOLDS MEETING

The annual meeting of the St. Paul Retail Credit Association was held at the St. Paul Athletic Club, February 20. One hundred members were present. D. J. Woodlock, Manager-Treasurer of the N. R. C. A., was the speaker. The local association has prospered during the past year and is taking active interest in the development of the local Credit Bureau, now under management of Mr. R. E. Walker.

Mr. John P. Mullaney, President of the St. Paul local, presided. It was voted to drop the word "Men's" from the name of the association, making the new name "St. Paul Retail Credit Association."

MINNEAPOLIS HOLDS MEETING

The Retail Credit Association of Minneapolis held a "Washington's Birthday" meeting on February 22, presided over by National Director F. W. Funk, who is also president of the local association.

D. J. Woodlock, Manager-Treasurer of the N. R. C. A., was the only speaker. He was introduced by National Vice-President M. J.

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(Continued from page 24)

Solon, after a very entertaining song program under direction of Mr. Pat Carr, Credit Manager of the Standard Clothing Company.

Mr. Woodlock commented on the fact that the credit men of the three great cities of Minnesota had so much to do with the formation and development of the N. R. C. A. At the table were seated Mr. S. L. Gilfillan, the "father" of the National Association and its first president; Mr. George C. Fairley of Duluth, and Mr. Joseph Barnes of St. Paul, charter members; Mr. Milton J. Solon of Minneapolis, our Vice-President, and Mr. F. W. Funk, a National Director; as well as many of the "Old Guard" who have been closely identified with our work and conventions. In addition to these, O. R. Parker, F. H. Koch, H. B. Humason, and C. L. Olsen of St. Paul, C. P. Barnum of Minneapolis and Charles Nolan of Duluth have served on our National Board of Directors.

Surely Minnesota holds a proud place in the history of our Association's activities.

NORTH CENTRAL DIVISION HOLD CONFERENCE IN ROCHESTER

Over one hundred Retail Credit Men and Women of Minnesota, South Dakota, North Dakota and Wisconsin spent two days in Rochester, Minnesota, attending the annual conference of that district.

The program was arranged by E. H. Schlitgus, president of the conference, and manager of the Rochester Credit Rating Bureau.

Many interesting talks were made and the discussion of Credit Department procedure indicated interest of all present.

A banquet was held on February 20, the speakers being Hon. L. C. Hodgson, mayor of St. Paul; L. A.

Rossmann, editor Grand Rapids Herald, and D. J. Woodlock, Manager-Treasurer of the N. R. C. A.

St. Paul was selected as the next conference city and Mr. Lambert S. Gill, credit manager of The Emporium, St. Paul, president.

About thirty Credit Bureau Managers held an exceptionally interesting meeting for a discussion of their problems, following the conference adjournment.

FEDERAL GARNISHMENT BILL PROGRESSING

We are advised by our Washington representative that the garnishment bill is progressing nicely, and even though it has encountered many seemingly unsurmountable obstacles, the enthusiastic and untiring efforts of our members and

Turn to page 31, please

NOTICE TO COOPERATORS UNIVERSITY OF MICHIGAN STUDY

Member stores may have received questionnaires from three sources:

1. Directly from the Bureau of Business Research, University of Michigan;
2. Through distribution at credit meetings, such as the Cleveland Convention; and
3. From the N. R. C. A. office.

The University has promised to send to all cooperators a report showing how the stores' figures compare with the typical or average figures. It can do this for the stores which received questionnaires directly from the Bureau, because it has records of the code numbers printed on the questionnaires.

If stores received questionnaires through distribution at meetings or from N. R. C. A., however, the Bureau has no way of identifying them and hence it cannot make a return report. Many such stores have given their names and addresses on their questionnaires or on the envelopes used in mailing the questionnaires. Those who have not done this, should write to the Bureau requesting a return report and giving sufficient figures to enable the Bureau to identify their questionnaires.

TOPEKA KANSAS



The Topeka Credit Clearing House

(Merchant Owned)

ANNOUNCES
the addition
of a Collection
Department and
assures you the
high standard of
service you have
a right to expect
of an affiliated
unit of the Na-
tional Retail
Credit Associa-
tion.



J. W. HARPER

Manager-Attorney

111 East 7th

TOPEKA, KANSAS

Community Credit Policy

By RALPH W. WATSON,
Spokane, Washington

(Report of Credit Literature Committee)

"Community Credit Policy" is a phrase now frequently heard in the public and private utterances of credit men and merchants, also frequently noted in their writings. Trade publications and other business journals frequently contain reference to the idea and use the phrase always, so far as I observe, with approval, since it expresses quite aptly, a condition greatly desired by all retailers and those who deal with them.

There is no question about the desire to establish "community credit policies." But there is a question of *how*, and there is and has been a lot of thinking done in trying to answer that question. For of course an idea no matter how good, is of no value until it has resulted in beneficial action.

The credit men of a number of cities have made real progress in development of the community idea. This progress has generally consisted in a general drawing together, especially manifested by more complete cooperation between merchants and their reporting bureaus. Spokane for instance, looking in this direction, for several years has monthly supplied its bureau with complete lists of accounts 90 days or more past due, and of repossessions and accounts closed for cause. Also with yearly lists of charge offs.

Merely by thus keeping each other informed, the natural tendency has been for the credit men to work in closer harmony, and for them to follow good credit policies. It couldn't be otherwise.

But last month I saw the beginning of a development of Community Credit Policy, that seems to have a splendid chance to develop a complete solution of the problem. During the annual conference of the Commercial Service Association of Montana, the grocers and meat dealers respectively of Helena, Montana, asked and obtained conference approval of their proposal that they respectively study the credit practice and the problems involved in their respective lines, and that having done so, they should decide on definite rules for credit extension that will fit their circumstances.

Of course such an attempt is certain to find obstacles—serious ones—to overcome. It will take a deal of education to persuade some dealers that such rules are right and that it will be profitable to follow them. But surely this move is in the right direction, and if developed with common sense and with sympathy for the problems involved, some definite progress is sure to result.

Progress is needed. To use credit as an implement of volume and of profit we must know for each line of business what kind of an account is profit-

able. We must know the point at which the profit ends and the loss begins. Since the answer in one line of business may not fit another line, it seems to me that the Helena meat dealers and grocers are working on the right idea, and that their experience will be watched with great interest by credit men everywhere.

Certainly we all pay tribute to their courage in thus so vigorously tackling their problem, and wish them complete success.

Will the big Merchant Crash?

(Continued from page 6)

Of course every figure that you submit will be treated absolutely confidential. The reports as received by the university and the committee appointed by the National President, Mr. Leopold Meyer, of Houston, Texas, have put a great deal of time in developing the questionnaire without any profit to themselves. All they will receive is exactly what you receive, reciprocal information. Considering this, and the fact that the National Retail Credit Association has recognized the need for these statistics and advanced the funds to make it possible, won't you do your share to see that this need is answered?

All of this will not mean anything unless every merchant's controller and credit manager sees that his firm sends the information to the University of Michigan. It is not just one questionnaire that will count, it is all of the questionnaires. Whether you are a merchant, a controller or a credit man, you owe it to yourself and to your company and the Retail Credit Men's Association's national office to carry on this work.

If you receive the reciprocal report after these figures have been compiled and you feel the committee owes you anything, I am sure they will be more than glad to make it up to you.

If you do not have a copy of this questionnaire, pick up an extra copy of the CREDIT WORLD. It has been sent as a supplement of the February issue and you can mail it to Professor E. C. Yoakum, Bureau of Business Research, University of Michigan, Ann Arbor.

The average wage for the various divisions of a Credit Department.

The yearly average per cent of inactive accounts receivable.

Ratio of the per cent of losses from bad debts receivable.

The per cent of credit volume to sales volume.

Ratio of collection figures.

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The Educational Committee of the National Association is sending out some good ideas on how to increase revenue, and while eventually we may not care to be represented indirectly or have our individuality lost through serving the insurance companies, finance companies, etc., through other agencies, yet at this particular time we will lose nothing to furnish service indirectly, that is in case, where the bureau cannot secure direct contracts. This committee will, I am sure,

In years to come, through our education of today, bureaus will have very little trouble to secure inquiries and revenue. Their worst trouble will no doubt be in management and increasing overhead. Not many bureaus today need worry about their overhead, for generally speaking it is small and many times too small. A proper organization may well handle the work efficiently which will enable the manager to devote practically all his time to development. The cost of an extra girl or two which will enable the manager to be an executive will be made up several times over by his increased production.



Too many sidelines tend to pull away.

Have you mailed in your questionnaire?

Federal Reserve Reports on the Course of Trade

(Continued from page 15)

since that time firms in other districts have begun to furnish similar data. Up to the present time data have been furnished for 45 separate departments, but variations in the departmental organization of different firms have impaired the comparability of the data and in the future the reports covering the country as a whole will be limited to about 33 departments. In several of the Federal reserve districts, where the departmental organization of different firms does not vary widely, data will be collected and published for a somewhat larger number of departments.

As in the case of wholesale firms, complete information as to the annual volume of retail trade in the United States is not available and it is impossible to ascertain accurately the proportion of total sales that is represented by the data reported to the Federal reserve system. It has been estimated, however, that total retail sales amount to between 35 and 40 billion dollars annually and on the basis of these figures, sales of the firms reporting to the Federal reserve system, which amount to $4\frac{1}{2}$ billion dollars annually, represent from 10 to 13 per cent of total sales of all retail firms. Accurate information as to the proportion of total sales that is made by different classes of retail stores is likewise unavailable and the proportion of total sales of the different classes of stores that is represented by the data reported to the Federal reserve system is not known. On the basis, however, of an estimate made by Paul H. Nystrom that sales of the larger department stores in the United States amounted to \$5,500,000,000 in 1923 and to \$6,600,000,000 in 1926, total sales of firms reporting to the Federal reserve system represent a fairly large proportion of total department store business. For a few cities in which a preliminary census of distribution has been taken, official figures are available for total sales of department stores, and a comparison of these figures with those reported to the Federal reserve system shows that in nearly all cases the stores reporting monthly to the Federal reserve banks make at least two-thirds of the sales of all department stores in each of these cities, and in a few cases the proportion is over 90 per cent.

Department stores have grown most rapidly in the larger cities of the country and an analysis of sales by firms in cities of different sizes show that stores located in cities with a population of over 500,000 account for approximately 55 per cent of the total amount of sales of all reporting stores and those located in cities having from 100,000 to 500,000 population account for an additional 32 per cent of total sales.

Organization and publication of data—The confidential nature of the data makes it impossible to publish the statistics in actual dollar amounts by cities, or other geographical areas small enough to reveal the operations of individual firms. In presenting the re-

sults of the data to the cooperating firms as well as to the public, the Board and banks have used percentages and index numbers to express the changes that occurred in the current month as compared with earlier periods. The Federal reserve banks publish percentages for individual cities within the districts and for the districts as a whole, and the Federal Reserve Board publishes the aggregate results of the data for the country as a whole and by districts.

For the country as a whole, the Federal Reserve Board has constructed general index numbers of wholesale trade, department store sales, department store stocks, and chain store sales. Until recently these indexes have been expressed as percentages of the average for 1919, but the indexes have now been shifted to a more recent base period (1923-1925-100). The revised indexes also include many additional firms which in recent years have begun to cooperate with the reserve system and furnish data regularly to the reserve banks. The new index of wholesale distribution was published in the Federal Reserve Bulletin for December, 1927, and revised indexes of department store sales and stocks were published in the Federal Reserve Bulletin for February, 1928. Revised indexes of sales of chain stores and of mail order houses will be published at an early date.

Experience has demonstrated that statistics of wholesale and retail trade collected by the Federal reserve system, though incomplete, furnish a reliable indication of the course of merchandise distribution. They throw light on the extent to which the products of industry are being marketed in an orderly manner, without undue accumulation in the hands of producers and distributors. The figures promptly reflect gains or losses in the buying power of consumers, as well as maladjustments between output and distribution. They have a direct bearing on credit conditions, because the volume of retail trade is an important factor in the demand for currency, and the size of inventories carried by trade is an influence on the demand for bank loans. From the point of view of manufacturers the data furnish valuable information as to the variations in the amount of sales and stocks of their products from month to month and from season to season. To the reporting firms, both wholesale and retail, the statistics are of value in furnishing a basis for comparing their own operations with the operations of similar stores in the same city, in the Federal reserve district, and in the country as a whole. For the public at large, these figures constitute a part of the ever-growing volume of information on current business, which helps business men to base their plans and forward commitments on knowledge of facts, rather than on guesses, and thus exert a gradual but powerful influence towards moderating the swing of the business cycle.

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Our Legal Department

(Continued from page 23)

malice is cast upon the person claiming to have been defamed." Newell on Slander and Libel, 3rd Ed., Sec. 496. And this rule contemplates *express malice*, that is, "that the defendant was actuated by motives of personal spite or ill-will, independent of the occasion on which the communication was made." Newell, *supra*, Sec. 493 (last sentence of the section). See to same effect, 17 R. C. L., p. 342, par. 88 (last sentence).

We have discovered no evidence in the record upon which, in our opinion, a finding that the defendant was actuated by malicious motives in writing and mailing the letter on which plaintiff is basing his action could be predicated.

"Whether a publication is or is not privileged by reason of the occasion is a question of law, for the court alone, where there is no dispute as to the circumstances under which it is made. If the court decides that the occasion was one of qualified or conditional privilege only, and there is evidence of actual malice on the part of the defendant, the question of bona fides becomes one of fact for the jury. If, however, from the uncontroverted testimony, there is no malice shown, then there exists no cause of action, and it becomes the duty of the court to direct a non-suit or verdict for the defendant." 17 R. C. L., pp. 427-428.

We do not think there is any material evidence that plaintiff lost his position as a tobacco grader because of the receipt by his employer of the letter in question. The "tobacco season," during which graders were employed by the Dark Tobacco Growers' Co-operative Association, ended on March 15th, and about that time plaintiff (while on a week-end visit to his family at Nashville) received, from the home office of his employer at Hopkinsville, a check for his salary up to March 15th, which check

was enclosed with a letter stating that plaintiffs' services were no longer needed by the Dark Tobacco Grower's Co-operative Association. This was only a few days after the receipt of the alleged libelous letter, but the aforesaid letter to plaintiff from his employer made no reference to defendant's letter, and no statement of the employers' reasons for its action, other than that plaintiff's services were no longer needed.

A circumstance which tends strongly to negative the theory that defendant's letter was the moving cause of plaintiff's discharge is that plaintiff was employed in the same capacity by the Dark Tobacco Grower's Co-operative Association during the "seasons" of 1924 and 1925.

The statement of Mr. Duke, the manager of the Dark Tobacco Grower's Co-operative Association at its Franklin, Kentucky, receiving station (to which statement plaintiff testified) that when plaintiff got through with the receiving station, he would put plaintiff in the field service, that is, as a solicitor for new members of the association, was, from all that appears in this record, too vague and indefinite to constitute a contract of employment.

We are of the opinion that the trial judge did not err in directing a verdict for the defendant, because, (a) the undisputed proof shows that the statements concerning the plaintiff in the defendant's letter to the Tobacco Association were true; (b) whether the statements were true or not, the letter was qualifiedly privileged and the undisputed proof shows that it was written without malice toward plaintiff, and (c) the communication in question not being libelous per se, it was necessary for plaintiff to prove special damages, and this he has not done. The first assignment of error is overruled.

The second assignment of error is that "there is no evidence to sustain the verdict and judgment." Insofar as the second assignment may be considered pertinent to a verdict for defendant peremptorily directed by the court, and a judgment of dismissal based thereon, it is necessarily included in the first assignment of error, and is accordingly overruled.

The third assignment of error is that "the verdict and judgment are against the preponderance of the evidence in the case." This assignment does not present a question which can be considered by this court." Railroad vs. Abernathy, 106 Tenn. 722, 728, 64 S. W. 3.

The fourth assignment of error is that "the verdict and judgment are contrary to the law applicable to the facts of the case." This assignment is too vague and indefinite to constitute a valid assignment of error. However, if, as we have held, the trial court did not err in directing a verdict for defendant and dismissing the suit, it necessarily follows that the verdict and judgment are not "contrary to the law applicable to the facts of the case," and the fourth assignment is overruled.

Each of the two remaining assignments of error—fifth and sixth—is directed to the action of the trial court in excluding certain offered testimony of plaintiff, which was, in substance, that Lee Duke, the manager for plaintiff's employer at its Franklin, Kentucky, station, told plaintiff two or three days after plaintiff's discharge that the aforesaid letter from defendant had caused plaintiff's discharge. Defendant objected to this testimony on the ground that it was hearsay, and the objection was sustained by the trial court. It seems clear to us that this was hearsay testimony, and was properly excluded as such. We do not think that, as argued for

Turn to page 31, please

Credit Iniquities

(Continued from page 5)

alize and appreciate the responsibility of their position and try to measure up to such responsibility. The sooner credit managers realize that they are professional men and women the better off they will be. But as such, they must study their problems constantly and bend all their energies toward the acquisition of greater knowledge within their field of activity. Only in this way will they be able to eliminate guess-work from credit granting which seems now to account for the great discrepancies that exist in the terms, methods and practices applied to retail credit.

Above all, it becomes necessary that store managers more fully appreciate the importance of the position occupied by the credit department. It is high time that the credit manager in many of our stores be treated as one of the major executives and be endowed with all the authority and dignity which such an executive should possess. He should be given full command of his activities so long as they do not violate any major store policy.

Credit has practically ceased to be a privilege granted to the consumer by the graciousness and generosity of the store proprietor. You are no more granting a favor to your customers by allowing them to buy on credit so long as they are entitled to it than a bank is extending a favor to its borrowers. The bank is in business to make loans and stores are in business to sell merchandise. But inasmuch as the desired volume cannot be reached when sales are made for cash alone, credit has become an indispensable sales stimulant. It is no longer a privilege; it has become well-nigh an absolute necessity. Credit is not merely an auxiliary service which it used to be at times but is now one of the strongest factors in the building, growth and prosperity of our stores.

Whether or not credit should be given to one customer and refused to another and how it should be dispensed does not at the present competitive stage depend upon the whims and fancies of the store manager, for credit has become a force which may either build or destroy, depending upon how efficiently or inefficiently it is being used. My contention, therefore, is that this tremendous force be not meddled with by unskilled hands, but instead it should be placed in the hands of an expert, namely, the credit manager, whose business it is to know or to learn how to manipulate that force in a way which would make the sales curve rise and at the same time cut losses to a minimum. To make credit work constructive it becomes necessary that a proper professional attitude be adopted by the credit managers themselves and that due recognition of its place in our business structure be given by their superiors, all of which is but a matter of time, for come it will regardless of all opinions to the contrary.

Coal and Building Material Group Conference

(Continued from page 21)

Another delegate reports that on all inactive accounts special statements are sent to the collection department and these are given to collectors who have their own collection cards. These collectors average about 35 calls daily and they keep their own cards up to date as to money collected by them and promises made of payment. These cards are kept in a day to day file and all payments made direct to the office are recorded on these by the bookkeeping department daily.

On all these accounts handled by the collectors as well as all accounts handled directly from the office, a master card is kept in the collection department. This is a 6x8 card and it shows the ratings of the customer, records of all letters written and phone calls made, any special reports which may affect the credit standing of the customer, and on the back of each card is a copy of the collector's report taken from his card. Usually the first letter is sent out from 45 to 60 days after date of delivery and a second letter in about two weeks later. These are varied by phone calls.

Another delegate reported a Kardex ledger system in use in their office. On the back of the pocket facing the ledger card was a 3x4 card containing all credit information, ratings, etc. When collection started, a 4x5 card was slipped in the next slots over this and this card contains all collection records of letters written, etc. The follow-up was made by signals set in exposed visible tabs. A 30 day policy is rigidly adhered to and unless special arrangements are made, the first reminder is sent at the end of 35 days, followed by a second letter in 10 days. This is followed by phone calls and if customer has no phone, a collector is sent to call. No account runs over sixty days without some very definite promise being made or payments agreed upon.

This conference closed at 5:30 p. m. Wednesday and there was an expression of regret that we were not able to have a second day for more discussion as there were many points left untouched. It was voted one of the most important and most educational parts of the whole convention.

WANTED

WANTED TO BUY, GOING CREDIT BUREAU IN SOME CALIFORNIA TOWN OF FIFTEEN TO THIRTY THOUSAND PEOPLE. WRITE BOX No. 1, CARE CREDIT WORLD AND GIVE ALL PARTICULARS, PRICE, EARNINGS NOW, NUMBER MEMBER MERCHANTS, FLAT OR METER RATES USED.

Flashes

(Continued from page 25)

especially Mr. Richard Hewitt and Mr. S. H. Talkes, the bill is finally in a position where we hope to get a favorable hearing before the judiciary committee.

A MEMBERSHIP APPLICATION INCLUDING NATIONAL DUES

The Associated Retail Credit Men of Washington, D. C., use an application blank on which the following paragraph is included, which "Automatically Steve" has inserted to make his entire membership automatically become members of the National:

DUES

Section 1. Dues for members shall be \$15.00, payable annually in advance and must accompany the application. \$5.00 of this amount shall be paid to the National Retail Credit Association, for membership in such Association, which entitles every member thereof to a subscription to the "Credit World," the monthly publication of that body.

Section 2. The dues of newly elected members shall begin on the first day of the month nearest to their election.

HULSE PERFORMS IN TEXAS

Mr. Hulse is doing his usual stuff in the Lone Star State, and as usual is winning friends for the National in the state of Texas, as he does wherever he goes.

Mr. Hulse is only working the large cities in Texas, because it would be impossible for us to send him to every city in that big state. We hope to have him return within the next six months. The Texas secretaries and credit men are giving Mr. Hulse a very warm reception, and the trip is proving of mutual benefit to all concerned.

FLORIDA PREPARING FOR CONFERENCE

The Conference of the National Retail Credit Association at Orlando, Fla., will be an interesting meeting. It will take place April 23-24. Mr. C. P. Younts, Credit Manager of the Frank T. Budge Co., Miami, former field secretary for the National, is making arrangements for a large delegation from St. Louis and surrounding states.

SANDERS TO ADDRESS JEWELERS

Mr. A. B. Sanders, Director of Research at the National Office, will appear on the program of the National Association of Credit Jewelers at Chicago, March 19-20, and Mr. P. O. Greer of Freund Jewelry Co., St. Louis, a past president of the St. Louis local Association, will also represent the National Retail Credit Association at the meeting.

Your Collections

...in...
OMAHA

Will receive superior attention
if sent to

Retail Credit Men's Association

The collection and adjustment department of **THE ASSOCIATED RETAILERS OF OMAHA**, and the largest organization in the city devoted exclusively to the collection of **RETAIL ACCOUNTS**.

Prompt Service
Prompt Remittance
Rates Reasonable

**802-4 Omaha National
Bank Building**

DETERMINING A PROFITABLE ACCOUNT

(Continued from page 18)

This is our first contact with our future customers, and we ought to take the time to explain thoroughly our terms to him. We ought to impress him with our terms, and drive home the point that we expect him to live up to them, and, the very first time he fails to anticipate his terms call him, and advise him that your terms must be respected.

No one store can adopt such a policy and thrive. All stores must do it. There should be a uniform credit policy, so that Mr. Customer cannot say to you that at "John Doe's store they give me 60 to 90 days, how come you are insisting on 30 day terms?"

In conclusion, I believe that we should thoroughly investigate each credit applicant through our credit organization. If our credit applicant is slow with other stores, we cannot expect him to pay us promptly. If his being slow with other stores has no bearing on his credit, and his ability to open further charge accounts, what inducements is there for him to meet his obligations promptly?

The sooner merchants in every community realize that they must adopt some uniform rule, a uniform credit policy, the sooner we can improve our turn-over, and thereby convert most of our accounts into profitable ones.

OUR LEGAL DEPARTMENT

(Continued from page 29)

plaintiff, it was rendered competent by the fact that plaintiff was asked on cross-examination if he made complaint to his employer of his discharge. The fifth and sixth assignments are overruled.

It results that the judgment of the circuit court dismissing plaintiff's suit and taxing the costs against the plaintiff and the surety on his prosecution bond is affirmed. The costs of the appeal will be adjudged against the plaintiff and the surety on his appeal bond.

Judges Crownover and DeWitt concur.

F. A. W., Presiding Judge.



Register Now!



for
The Sixteenth Annual Convention
 of
National Retail Credit Association

at
Kansas City, Mo., June 19-20-21-22

Come Meet Your Profession—Live, Learn, Progress

FILL IN THE REGISTRATION BLANK

Mail to Registration Committee, Retail Credit Assn., 1016 Walnut St., Kansas City, Mo.

REGISTER AS FOLLOWS

Date.....

Member's Name

Firm Name

Address City State

Group Conference

(Indicate here what conference you desire to attend, as Dept. Store, Hardware, Clothing, Etc.)

Guests Accompanying

HOTEL RESERVATIONS

Hotel..... —Single or Double Room—

With or Without Bath Rate \$.....

Signed.....

Will Arrive.....

Members Registration Fee, \$10.00

Convention Headquarters MUEHLEBACH HOTEL

Rates

Single with Bath, \$3.50 up
 Double with Bath, \$5.00 up
 Twin Beds with Bath, \$7.00 to \$12.00
 Double with Parlor, \$15.00

Convention Meetings

ARARAT SHRINE TEMPLE
 Recently Completed—Comfortable
 Seating—Luxuriously Finished—
 Conference Rooms next to the
 Convention Floor.

